

U.S. Decides ABM Treaty Permits Development of Missile Defenses

By Don Oberdorfer

Washington Post Service

WASHINGTON — The Reagan White House, reversing the legal interpretations of previous administrations and some of its own past statements, has decided that testing and development of anti-ballistic missile systems such as those in the Strategic Defense Initiative program are permitted under the 1972 ABM treaty.

The administration's new interpretation of the treaty was confirmed Tuesday by a senior White House official.

He briefed reporters on U.S. objections to the recent Soviet offer of a 50-percent cut in certain offensive missiles in return for a ban on Mr. Reagan's Strategic Defense Initiative. The Soviet offer was described in the briefing as "a place to start" but, in its present form, one-sided and threatening to U.S. security.

Robert C. McFarlane, the White House national security affairs adviser, volunteered a new interpretation of the 13-year-old Anti-Ballistic Missile Treaty in a television program Sunday.

The administration has been moving in the direction indicated by Mr. McFarlane in recent weeks, though not to the point of claiming the treaty "authorized and approved" the testing, which were the words Mr. McFarlane used Sunday. In administration discussions, sources said, the issue was whether the treaty could be interpreted as permitting such activities.

On Tuesday the senior White House official, who cannot be identified under the ground rules of the briefing, confirmed that Mr. McFarlane's televised remarks reflected what was now the fixed policy of the administration.

Gerard C. Smith, who was the chief U.S. negotiator of the ABM treaty, said the administration's interpretation "makes a dead letter" of the treaty. Mr. Smith said he believed it would make possible almost unlimited testing and development of the Strategic Defense Initiative for a space-based anti-missile defense, and probably also actual "building" of the system "as long as you did not deploy."

An official said the still-secret negotiating record of the ABM treaty was "ambiguous" on the point in question and subject to "a well-justified disagreement" within the government. However, this view is disputed by Mr. Smith and John Rhinelander, legal counsel to the U.S. delegation that negotiated the ABM treaty.

At issue is whether "agreed statement D" between the U.S. and Soviet delegations at the time of the

agreed statement on May 26, 1972, gives a broad exemption from the restrictions of the treaty for future types of ABM systems "based on other physical principles" such as lasers and directed-energy weapons. Many elements of the adminis-

Former negotiator says decision makes treaty a 'dead letter.'

tration's missile-defense research program are based on such exotic technology.

The purpose of agreed statement D, it said, was "to ensure fulfillment of the obligation not to deploy ABM systems and their components except as provided in Article 3 of the treaty," which originally allowed both countries to maintain two conventional ABM systems, based on anti-missile missiles.

The agreed statement said that if new ABM systems "based on other physical principles" were created in the future, "specific limitations on such systems and their components would be subject to discussion" and to mutual agreement.

Until recently, that had been interpreted to mean that testing and development of exotic technologies were not legal, except possibly for new versions of fixed, land-based systems that the treaty allowed. Article 5 of the treaty formally precluded any testing or deployment of "ABM systems or components which are sea-based, air-based, space-based or mobile land-based."

Mr. Smith and Mr. Rhinelander said it was wrong to interpret the "agreed statement" as authorizing testing of ABM systems or components that were flatly ruled out elsewhere in the treaty. "It is just impossible that an agreed statement supersedes a provision of the treaty," Mr. Smith said.

The senior official who confirmed the administration's current position said the Soviet Union had never accepted an interpretation of the treaty that banned "research, testing, development of systems based on other physical principles."

Most of the White House presentation Tuesday was centered on objections to the Soviet arms-reduction proposal, especially inclusion of U.S. missiles based in Europe and "forward based systems" among the strategic weapons to be cut by half. This would produce "highly unequal" forces with great



Gerard C. Smith

advantages to Moscow, the official said.

Those two categories, described as support for U.S. allies, were said to consume 1,149 of the U.S. entitlement of 1,680 strategic nuclear delivery systems under the Soviet plan. The United States would thus have only 531 missiles or bombers left for deterrence against Soviet nuclear attack, and these would be threatened by a much larger number of Soviet weapons.

U.S.-Soviet Meeting
A U.S. statement said American and Soviet negotiators on long-range nuclear weapons met for three hours Wednesday at the U.S. arms control offices in Geneva. The Associated Press reported.

Thousands of Killings Cited by Rights Group

By Don Podesta

Washington Post Service

WASHINGTON — Governments killed thousands of people during the past year, and nearly half the world's nations held prisoners of conscience, many of them without trial, Amnesty International said Wednesday.

In its annual report for 1984, the human rights organization, which is based in London, outlined alleged abuses in 123 countries.

More than 1,500 executions were reported in 1984, the organization said, but "the true total was certainly higher."

Deaths under torture were reported in Turkey, Uruguay and Chile.

According to the report, "Outright political killings, often of unarmed civilians during counterinsurgency operations, took place in Chad, El Salvador, Guatemala, Indonesia and East Timor and Peru."

"Prisoners were hanged or shot after trials by military or revolutionary courts that fell short of internationally recognized standards for a fair trial in Afghanistan, Angola, Cameroon, Iran and Libya," the report said.

Amnesty International, which was awarded the Nobel Peace Prize in 1977, called attention to abuses in Central America by parties at

either end of the ideological spectrum.

In its entry on Nicaragua, the report condemned both the Sandinist government for unfair trials of political prisoners and the anti-government guerrillas for "the reported torture and execution-style killing of individuals captured."

The United States registered a marked increase in the number of executions of criminals in 1984, the organization said, putting to death 21 prisoners, the most in one year since 1963.

In the Soviet Union, Amnesty International said it was concerned "that many Soviet citizens were imprisoned or confined in mental hospitals solely for the nonviolent exercise of their human rights."

In the Philippines, the organization said, "the government rarely initiated impartial investigations" into alleged violations "which included extrajudicial executions, torture and ill-treatment of detainees."

The report called attention to evidence of beatings and killings of civilians in Zimbabwe's Matabeleland and death sentences imposed by military courts in Angola.

In its entry on South Africa, the organization said "detention without trial was used extensively and there were new allegations of torture and ill-treatment of political detainees."

WORLD BRIEFS

Beirut Kidnappers Linked to Arafat

BEIRUT (Reuters) — The Lebanese Army stepped up security Wednesday at Soviet institutions in Beirut, as a spokesman for one Moslem organization charged that kidnappers holding three Soviet officials had links with Washington and Yasser Arafat, leader of the Palestine Liberation Organization.

Soldiers sealed off streets around the Moscow Narodny Bank in the center of Moslem-held West Beirut and reinforced guards at Soviet cultural offices. Police and Druze militiamen have raged the Soviet Embassy with tanks and earth barricades since gunmen kidnapped four Soviet officials and killed one of them last week.

A spokesman for the Shiite Moslem Amal militia disputed the kidnappers' statements that they had acted to halt fighting in the northern port of Tripoli, which ended when a cease-fire went into effect Oct. 4. "There is no doubt that the kidnappers are connected to Yasser Arafat and the United States," Sheikh Hassan al-Masri told Beirut newspapers. "The Soviet Union is a friend."

Covert U.S. Aid for Afghans Reported

WASHINGTON (AP) — Congress has secretly approved an additional \$200 million in covert military aid to anti-Soviet rebels fighting the Moscow-backed regime in Afghanistan, The Wall Street Journal reported Wednesday.

Quoting unnamed intelligence sources, the Journal said the House and Senate defense and intelligence committees approved the transfer of the money last month from secret Central Intelligence Agency accounts appropriated for the 1985 fiscal year.

The funds are to be funneled to the Moslem rebels through the CIA, which sent \$250 million to \$280 million to the guerrillas during the past fiscal year. The Journal quoted sources as saying the panels were told by administration officials that some of the money might be used to purchase more sophisticated anti-aircraft weapons.

Salvador Rebels Threaten Highways

SAN SALVADOR (AP) — Guerrillas in El Salvador have threatened to extend the mining of roads to major highways to enforce a ban on driving that is designed to upset the economy.

The rebels called a nationwide ban on traffic Friday, the ninth such ban of the year, and warned civilians not to use the roads. They announced Tuesday over their clandestine radio station that they would plant mines on the major highways to sabotage military vehicles.

Mine blasts on a smaller road damaged an ambulance Monday, killing a civilian and wounding at least four, according to reports from local military commanders. Rebels were reported to have fired Monday on vehicles that ignored the ban in several parts of the country.

Israel Opposed to Arms Aid to Saudis

JERUSALEM (Combined Dispatches) — Israeli opposition to West German plans to help arm Saudi Arabia cast a cloud Wednesday over President Richard von Weizsäcker's state visit.

Mr. von Weizsäcker assured his hosts that Bonn understood Israel's demands for security, Israeli officials said. But they said they were concerned over Bonn's decision this week to allow a German arms company to bid for a contract to build a munitions factory in Saudi Arabia. Until now Bonn has barred arms deals with Arab states.

The first West German president to visit Israel paid tribute Tuesday to Jewish victims of the Holocaust and expressed worry over the hijacking of an Italian cruise ship that carried some West German passengers, officials said.



Richard von Weizsäcker

12 Filipino Troops Relieved of Duty

MANILA (WP) — Twelve soldiers and militiamen were relieved of duty after the killing Sept. 20 of 21 protesters in Negros Occidental province, the acting armed forces chief of staff, Lieutenant General Fidel V. Ramos, announced Wednesday.

A police constabulary captain in Escalante in the central Philippines province who ordered the dispersal of thousands of jobless sugar plantation workers leading to the killing was also relieved of duty and confined to camp, General Ramos said. The shootings on the eve of the anniversary of the declaration of martial law was the most bloody political incident in the 20-year rule of President Ferdinand E. Marcos.

East Bloc Talks to Precede Summit

WARSAW (WP) — The Soviet leader, Mikhail S. Gorbachev, will meet with leaders of the Kremlin's six Eastern European allies this month, a few weeks before his talks with President Ronald Reagan in Geneva, it was announced by Soviet and East European press agencies. The meeting will be held in Sofia. Although no date was specified in the announcement Tuesday, Western diplomats expect the meeting to be held sometime during the week of Oct. 21.

The East bloc conference may shortly precede or coincide with Mr. Reagan's proposed meeting with Western leaders in New York starting Oct. 24.

Corrections

Part of the final sentence in an article Wednesday on national elections this weekend in Belgium was omitted because of a transmission error. The sentence should have stated that the Flemish Socialists have rejected participation in any government that will not remove NATO cruise missiles from Belgium.

A report from Washington in Monday's editions on the taxation of Americans abroad incorrectly characterized the prospects of a proposal to reduce the earned income exclusion. The article said that observers believed it was unlikely the proposal would be approved by a House committee. It should have said that observers had thought it unlikely that the committee would take the proposal under consideration.

Hijackers Wanted Freedom For a 1979 Guerrilla 'Hero'

New York Times Service
JERUSALEM — The hijackers of the Italian cruise liner Achille Lauro were said to have mentioned only one name in demanding the release of 50 Palestinian guerrillas held in Israel. He is Samir al-Kuntar, whom they describe as "a hero of Operation Nahariya."

Early on April 22, 1979, two Palestinian guerrillas burst into the apartment of Danny and Semadar Haran in the northern Israeli seaside town of Nahariya. They grabbed Mr. Haran and his 5-year-old daughter, Einar, and dragged them out of the building. Mrs. Haran, who was on an upper level, hid in a closet with the couple's younger daughter, Yael, 2.

The two Palestinians were the survivors of a group of four, members of the Palestine Liberation Front, who had landed on the beach in a rubber boat. The four were soon detained and two of them were killed in a gun battle. An Israeli policeman also was killed.

One of the remaining Palestinians shot and killed Mr. Haran. Kuntar, a Lebanese, killed the girl by slashing her head against a rock.

The two were captured shortly thereafter, eventually tried and sentenced to life in prison. The other man, Ahmed Abres, a Syrian, was released in the exchange of more than 100 Palestinians for three Israelis last spring.

The Nahariya incident claimed one other victim. After the Palestinians had left with her husband and child, Mrs. Haran discovered that in an effort to keep her youngest daughter quiet, she had suffocated her.

U.K. Nuclear Deterrent Defended by Heseltine

By John Jones

United Press International

BLACKPOOL, England — Defense Secretary Michael Heseltine, delivering Britain's most negative comment yet on a Soviet proposal for independent arms talks with London and Paris, said Wednesday there was no good reason for Britain to abandon its nuclear deterrent.

At a session of the Conservative Party's annual conference here, Mr. Heseltine said Britain's nuclear weapons were "a last-resort deterrent against the whole range of that massive Soviet nuclear arsenal."

The Soviet leader, Mikhail S. Gorbachev, proposed independent nuclear arms talks with France and Britain during his visit to Paris last week. President François Mitterrand flatly rejected the offer, but the British promised to study it.

However, Mr. Heseltine said Wednesday: "Mr. Gorbachev's latest offer proposes that the British and French independent deterrents should be balanced against Soviet SS-20 missiles. But our deterrent is not, like the SS-20, just one part of a huge nuclear arsenal."

It is the deterrent threat that makes all war unthinkable, Mr. Heseltine said.

"It is no surprise the Russians try so hard to persuade us to give it up," Mr. Heseltine said. "But not a single new argument has undermined the overwhelming case for Britain's independent deterrent."

Mr. Heseltine, replying to conference speakers who criticized the cost of a plan to replace the nation's submarine-launched Polaris missiles with U.S. Trident missiles, said the new system would absorb only one-fifth of a budgeted increase in Britain's defense spending.

Opponents of the program include a group called the Campaign for Nuclear Disarmament, which estimated the cost of the program at \$15.4 billion.

The group said Wednesday that an opinion poll it commissioned showed that 64 percent of Britons were opposed to the introduction of Trident. The poll also showed that 46 percent opposed a defense policy based on nuclear weapons, compared to 40 percent who approved it.

At last year's Conservative Party convention in Brighton, a bomb killed five people. This year's conference comes with Prime Minister Margaret Thatcher's party at its lowest point in opinion polls since late 1981.

The opposition Labor Party jumped to a seven-point lead last week after two speeches calling for moderation by the party leader, Neil Kinnock.

Many Conservatives blame their party's problems on the poor promotion of government success stories. Conference delegates cited the defeat of the miners' strike, the longest and most violent in Britain's postwar history, and the conquest of inflation as two major achievements.

The party chairman, Norman Tebbit, was to speak on how the Conservatives could better present their policies to the public.

In a speech Tuesday, he denounced the Labor Party's domination by trade unions and leftist militants. He also criticized the alliance of the Liberal and Social Democratic parties for being unable to agree on anything.

NATO Ministers to Meet Shultz Before Summit

The Associated Press

BRUSSELS — George F. Shultz, U.S. Secretary of State, will meet Tuesday with NATO foreign ministers to discuss preparations for the November summit meeting between the leaders of the United States and the Soviet Union, the North Atlantic Treaty Organization announced Wednesday.

The foreign ministers meeting will come amid a series of U.S. consultations with the Western allies on President Ronald Reagan's meeting with the Soviet leader, Mikhail S. Gorbachev, and on the new Soviet proposals for a negotiated cut in nuclear arms.



Prime Minister Margaret Thatcher at the Conservatives' annual conference.

Israeli Officials Theorize on Motives Some Speculate Hijackers Planned Terrorist Raid on Land

By William Claiborne

Washington Post Service

JERUSALEM — Israeli officials said Wednesday that the hijackers of the Italian liner Achille Lauro may have purchased tickets for the voyage intending to disembark at the Israeli port of Ashdod for a terrorist operation and then were panicked into commandeering the ship.

A government official, speaking on condition that he not be identified, said the leaders of the Palestine Liberation Organization and its splinter faction, the Palestine Liberation Front, were denying responsibility because the ship was seized without their knowledge and because they were embarrassed by the potential repercussions on the PLO's relations with Italy.

Israeli officials noted that the small, Iraqi-backed wing of the Palestine Liberation Front headed by Mohammed Abbas, to which the hijackers said they belonged, supports Yasser Arafat, the PLO chairman, and that Mr. Arafat bears responsibility for the incident.

Without offering substantiating evidence of what he termed "reports received by Israel," the government official suggested that the PLO might have claimed responsibility for the operation had the Pal-

estinians aboard the ship successfully disembarked at Ashdod with their weapons and attacked Israelis.

The official speculated that "something went wrong" aboard the ship off Alexandria, Egypt, that forced the gunmen to change their plans, and that only then did they decide to commandeer the vessel and hold its 440 passengers and crew hostage.

The official would not characterize the source of the reports or even specify whether they came from Israeli intelligence agencies.

Israeli officials noted that in recent months several attempts by Palestinian guerrillas to land terror squads on the Lebanese coastline for infiltration into Israel had been intercepted in the Mediterranean by Israeli naval patrols.

Landing guerrillas at Ashdod or at the port at Haifa aboard cruise ships would circumvent the increased Israeli Navy's surveillance, the officials said.

Israeli government officials emphasized their belief that senior PLO leaders, including Mr. Arafat, were involved in putting the hijackers aboard the Achille Lauro. They conceded that the evidence was circumstantial.

One official said that the fact that Syria refused to allow the ship to dock at the port at Tartus, in northern Syria, indicated that the pro-Syrian Palestine Liberation Front wing headed by Tiltat Yacoub was not responsible.

The front broke away from the PLO splinter group, the Popular Front for the Liberation of Palestine-General Command, in 1976 following a Syrian thrust in Lebanon against Mr. Arafat's PLO, which was fighting alongside Moslem militias against Christian forces in the Lebanese civil war.

The third, and smallest, faction of the front is a Libyan group headed by Abdel Fattah Ghannam.

"The Abbas faction is the one which took control of the ship," said an Israeli government official. He added, "Israel believes Abbas is a full supporter and ally of Yasser Arafat."

Miss Reagan Seen as Target
The Jerusalem Post reported Wednesday that the Palestinian gunman may have intended to commandeer a Norwegian vessel carrying President Ronald Reagan's daughter Maureen, United Press International reported from Jerusalem.

Miss Reagan is on a Mediterranean cruise aboard the Norwegian Royal Viking Sky. The ship docked in Haifa on Sunday.

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TRAVELLERS REASSURED 'WATER IN BOMBAY SAFE TO DRINK'

Based on his long and intimate acquaintance with Bombay our foreign correspondent writes:

"Of all the things that people drink in Bombay, water has never figured prominently.

Most prefer Tonic in Bombay, Martini in Bombay or Orange in Bombay.

Indeed, anything that one would usually mix in Bombay.

But, let me assure you, there is no need to stay clear of the water.

Those rumours which infer that water does not mix with this most distinctive Bombay city



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Storm Toll Expected to Top 500 in Puerto Rico

United Press International
MAMEYES, Puerto Rico — Authorities estimated Wednesday that the death toll could total more than 500 in the landslide that devastated a hillside shantytown here.

Rescuers probed with pickaxes and their bare hands for a third day in a search for the missing.

The mudslide was touched off Monday by three days of heavy rains. Severe flooding contributed to another 36 deaths on the island. The weather front, which has since strengthened into a tropical storm designated Isabel, was expected to strike the southeastern coast of the United States late Wednesday.

Vivian Mattei, assistant to the mayor of the port of Ponce, Jose Dapena Thompson, said Wednesday that 500 registered voters had lived in the devastated area, according to a 1984 list, as well as their children and an unknown number of unregistered people.

"From this number, you would have to subtract 250 survivors now sheltered at two schools in Ponce to get the number of victims who are not accounted for," Mr. Mattei said. "We would be talking about more than 500 victims."

Pedro Gonzalez Ortiz, Ponce's director of civil defense, said Tuesday he expected the death toll would be more than 500.

Some bodies were too tightly lodged to be removed and others were thought to be buried beneath more than 20 feet (6 meters) of packed mud, concrete and wood. "There is no air under the mud," said a rescue worker. "This will not be like Mexico." After the earthquake in Mexico City in September, rescue workers pulled survivors from the wreckage of collapsed buildings days after the initial shock.

Bulldozers and other heavy equipment were hampered by the unstable, claylike soil. Rescuers used chain saws, pickaxes, ropes, and their bare hands to extract bodies from the debris.

Governor Rafael Hernandez Colon ordered three days of mourning. He said he had talked to White House officials about obtaining technical help and federal aid. Puerto Rico is a self-governing commonwealth of the United States.

Mr. Dapena, mayor of Ponce, urged President Ronald Reagan to declare the city a federal disaster area. He estimated that damages in the southern region of Puerto Rico would total "more than \$100 million."

"Many people wanted to see about the flooding," said a Mameyes resident, Rosa Ortiz, 35. "Many people could have survived if they had paid attention, but instead they laughed."

Mrs. Ortiz said she, her husband, her son, and about eight neighbors escaped through her kitchen door as the hill started to collapse.

"Some people yelled, 'Mameyes is sinking,'" she said. "It sounded like a helicopter was hovering over us, and then there was water everywhere."

The Red Cross said Tuesday the flooding forced 5,226 people from their homes. Hundreds of families have been evacuated from flooded towns.

Storm Warnings Continue

The tropical storm designated Isabel was heading Wednesday for the southeastern coast of the United States with winds of 65 mph (100 kph). It was the sixth time in three months that the U.S. mainland has been the target of a tropical storm, United Press International reported from Miami.

The Bahamian government placed the Abaco Islands and Grand Bahama Island on watch. The National Hurricane Center said storm warnings might be necessary for the southeastern coast on Wednesday.

"Satellite pictures this morning continue to show that Isabel has not strengthened, in fact there may have been some temporary weakening," an advisory said.

At noon Eastern Daylight Time, the center of the storm was near latitude 23.3 north, longitude 75.6 west, or 325 miles (530 kilometers) east southeast of Daytona Beach, Florida. The storm was moving toward the west northwest at nearly 15 mph.

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Vince D'Atolico surveys his Pine Island farm in New York state while the customers from Manhattan he has recruited to help harvest his crops keep right on working.

City Slickers Double as Crop Pickers Farmer Has New Yorkers Whistling While They Work

By William E. Geist
New York Times Service

NEW YORK — As far as any of his neighbors can tell, Vince D'Atolico is just about the easiest farmer in the valley. He has all of these city slickers from Manhattan out harvesting his crops, doing stoop labor for nothing and smiling about it.

Mr. D'Atolico is a vegetable farmer who sells his produce at the Union Square Greenmarket in New York, one of 19 Greenmarkets in the city where about 120 farmers sell produce from their trucks.

When his farmhands left midway through the growing season, he and his wife, Joan, were faced with losing half their crop — despite their working 18-hour days, seven days a week. Desperate for help, he put a sign on his truck at the Greenmarket. It read: "Sunday Dinner at Our Farm. Cuts of Veggies. Interested?"

"We were overwhelmed," said Mr. D'Atolico, 53. The first day, more than 40 people volunteered to help, even after learning work was involved. "I could have sold tickets," he said, "and that's no fooling. New Yorkers are much friendlier than you'd think, and they'll do anything — anything! — to get away from the city for a while."

"If you can get them to stop rushing around for a minute," he said, "they really do care about other

people. I told people my problem and they said, 'Put me down.' They came from all walks of life."

Some of his new farmhands are wealthy. Mr. D'Atolico said, but they did not look much like affluent New Yorkers this week, crawling around in the black dirt, weeding and picking vegetables.

"It's wonderful," said Jewel Bachrach, a management consultant, down on her hands and knees picking carrots. "A real cultural experience. It's great just to come out here and breathe fresh air, smell the earth and soak in the sun."

She and another worker, Sondra Pugh, had made the 90-minute trip from Manhattan to the farm near Pine Island in Orange County in Mr. D'Atolico's truck, through the foothills, past the quaint white farmhouses, the onion fields and the Jolly Onion Inn in Pine Island.

"We got to know Vinnie," said David Leffel, a Manhattan artist. "We talked about his daughter's wedding and the birth of his grandchild and his son going into the army."

"A certain amount of it is curiosity, too," said Mr. Leffel, who was a little disappointed because he did not get to drive the tractor.

"They all want to ride in the truck," Mr. D'Atolico said. "Those two were saying, 'Oh boy, look at the cow!' I laughed all the way."

Florida to Probe Scientist's Research On Brains of Electrocuted Prisoners

By Loretta Tofani
Washington Post Service

WASHINGTON — The medical examiner's commission in Florida said the Florida Department of Law Enforcement has begun an investigation of the state medical examiner's decision to provide the brains of executed prisoners to a University of Florida researcher studying the criminal mind, state officials said.

Permission for the research was not obtained from the executed prisoners or from their families, according to Lori Naslund, an investigator in the state medical examiner's office.

Florida law requires authorization from the individual or his family for any organ donation, according to the state attorney, Eugene Whitworth.

Mr. Whitworth said Saturday: "I'm totally unfamiliar with any legal authority that would allow this to be done. There's going to be

a lot of checking into this by my office."

Later, however, Mr. Whitworth said he had decided to permit the medical examiner's commission and the state police to conduct an initial investigation. "They'll give me the results and I'll review them for criminal charges," he said.

The university researcher, Christiana Leonard, approached William Hamilton, the medical examiner, several years ago and asked him for the brains of electrocuted state prisoners, Miss Naslund said, and Mr. Hamilton provided them.

Miss Leonard could not be reached for comment. But in a statement, Mr. Hamilton explained that Miss Leonard was trying to determine whether a relationship existed between head trauma suffered during childhood and "aberrations of behavior, particularly aggressive behavior."

Mr. Hamilton cited a state law that he said permits organ research "related to the cause of death" without permission.

Because the cause of electrocution was the prisoner's criminal behavior, he suggested, the research was "distantly related to the cause of death."

Mr. Whitworth said he was not convinced by Mr. Hamilton's explanation. "I'd say that's stretching it," he said. "This appears to be examining organs that led to behavior that causes us to put him to death."

David Rothman, director of the Center for the Study of Society and Medicine at Columbia College of Physicians and Surgeons, said the law permitting the medical examiner and researchers to examine organs related to the cause of death "was written to cover physiological and not social conditions."

"When you start moving from physiological categories to social categories," Mr. Rothman said, "you have leaped a barrier which is extraordinary."

Naming of 2 Rightists To U.S. Court Expected

By Al Kamen
Washington Post Service

WASHINGTON — The Reagan administration plans to nominate two prominent conservatives — former Senator James L. Buckley and Michael J. Horowitz, general counsel of the Office of Management and Budget — to the U.S. Court of Appeals here, sources said.

Those nominations, along with another to the same court pending before the Senate, would end more than two decades of liberal domination of a court often described as the most powerful in the country after the Supreme Court. Its jurisdiction is broader than that of any other U.S. appeals court in civil rights, environmental and regulatory controversies.

The expected appointments are part of the administration's effort to secure a conservative federal judiciary long after President Ronald Reagan leaves office.

Mr. Reagan has already picked three members of the 12-member court. If formally nominated and confirmed, Mr. Buckley and Mr. Horowitz, and the recently nominated Laurence Silberman, would give the administration six solid liberal votes on the court, with Judge Ruth Bader Ginsburg considered a swing vote.

Mr. Buckley, 62, a former Conservative Party senator from New York and more recently head of Radio Free Europe-Radio Liberty, had been considered for a vacancy on the 2d U.S. Circuit Court of Appeals, which covers New York, Connecticut and Vermont.

The sources said Tuesday that strong opposition from Senator Lowell P. Weicker Jr. of Connecticut, a liberal Republican, and several other factors, convinced the administration to nominate Mr. Buckley for the Washington D.C. court instead.

On the D.C. circuit, no home-state senators could oppose him. Mr. Horowitz, 47, is a leading administration conservative noted for his efforts to limit the use of federal funds for political advocacy by nonprofit groups, contractors and others who receive federal money. Those efforts upset both liberal organizations, who accused him of trying to "defund" their activities, and corporate recipients of federal funds.

A 1964 Yale law school graduate who taught civil rights law in Mississippi during the 1960s, he spent 15 years in private practice before the former director of the Office of Management and Budget, David A. Stockman, asked him to join the Reagan administration in 1980.

The administration picked Mr. Buckley about six weeks ago for a vacancy on the New York-based court. When notified of the move, Mr. Weicker, who once said that

Mr. Buckley "represents everything I have fought against in the Republican Party," immediately opposed the nomination. He said, however, that he would not fight it publicly at least until after the background clearance process was completed, sources said.

Administration officials considered having Senator Alfonse D'Amato, a New York Republican, sponsor Mr. Buckley as a New York candidate. But Mr. Buckley, widely criticized for moving to New York to run for the Senate in 1970, said he lived and voted in Connecticut and would not agree to be sponsored by a New York senator, sources said.

On Sept. 20, the New York City Bar Association, in an unusual move, announced that it would not approve Mr. Buckley, who had practiced law for only a few years, for the court. Mr. Buckley, on the advice of the Justice Department, had refused to meet with the city bar association.

The New York City assessment is not binding on the full American Bar Association, but nevertheless troubled administration officials.

The administration had been slow to fill two vacancies on the D.C. court. Mr. Silberman, a former deputy attorney general, was picked after a lengthy internal review, but Marion Edwin Harrison, a local attorney, was not selected after a similarly long period.

The death of the appeals court judge, Edward A. Tamm, in September created a third vacancy on the court, increasing the urgency to fill the vacancies, sources said.

Harvard Shirts Reagan Issue

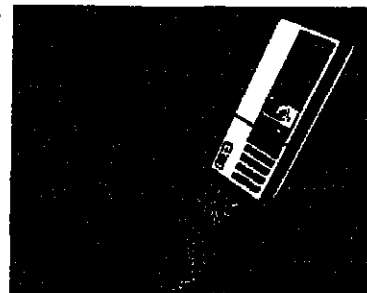
New York Times Service

NEW YORK — Harvard University has decided to grant no honorary degrees at its 350th anniversary celebration next year, cutting short a heated debate among its faculty and alumni over the prospect that President Ronald Reagan would be one of the degree recipients.

The decision, which a Harvard official called "the only graceful way out" of the controversy, was made last week in a closed session of the Harvard Corp., the university's top governing body. The corporation made no public announcement of its decision, but a spokesman, David Rosen, confirmed that "no degrees will be granted."

Mr. Rosen said the corporation gave no reason for the decision, which took many at the university by surprise. But he said that Mr. Reagan was still invited to speak at the convocation in September 1986, which will mark Harvard's founding in 1636.

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Herald Tribune

Published With The New York Times and The Washington Post

All in the Same Boat

The Palestinians who seized an Italian cruise ship on Monday also hijacked international attention, which had been focused on the lethal Israeli air raid against Tunisia six days before. Amid anger over the apparent murder of one of the Achille Lauro's American passengers, the pirates' surrender brings a sense of relief — and will soon free attention to return to the overriding issue of Israel's future amid the Arabs.

A positive result of the hijacking was already implicit before yesterday's peaceful ending. As The New York Times pointed out, this time a terrorist attack had been truly international. The target was not any single country. An Italian ship had been seized in Egyptian waters carrying tourists of a variety of nationalities; all told, a score

of countries were involved. And the four pirates were disowned by all, including Syria and Yasser Arafat. It was, as The Times put it, a chance for a "demonstration by the world and for the world that when it comes to terrorism, all must stand together." The demonstration, however imperfect in some details, has materialized.

It remains, as The Washington Post put it, for Mr. Arafat to show rejection of terrorism with more than occasional disavowals. "He could demonstrate it best, of course, by stating outright that Palestinians are ready to accept Israel." It remains, too, for Israel to ponder an unfolding tragedy of violence and counter-violence and ask themselves what air raids have to do with peace.

INTERNATIONAL HERALD TRIBUNE.

A Defeat for the Law

Some of the Reagan administration's lamentations about the World Court are surely sound. The tribunal sitting at The Hague has indeed been used as a "political weapon" by Nicaragua in its current charges of aggression. And U.S. hopes that other nations would submit to the court's compulsory jurisdiction have been disappointed; the majority go to The Hague when they think they can win. But by joining that majority, the United States makes a good point in a wrongheaded way.

President Reagan had already refused to contest Nicaragua's charges of U.S.-aided attacks against it. Having failed to get that case dismissed, the Reagan administration now turns frustration into a principle: It will not accept the court's compulsory jurisdiction in "political" cases, apparently meaning those involving national security. It will trust the 15-judge tribunal only in disputes involving commercial, legal or border problems.

To play the game the way the Soviet Union does can only encourage those who oppose any international order and seek to equate the superpowers as equally unrestrained in projecting their sovereignty. Even granting the premises and frustrations of Mr. Reagan's lawyers, they have missed a chance to focus attention on U.S. grievances.

Of the United Nations' 159 members only 44 have agreed, like the United States, to submit international disputes to the court's arbitration. Only America has been dragged in to face a charge of aggression — more properly the province of the UN Security Council. But a specific new reservation, with the Senate's consent, could have exempted armed conflicts without repealing the 40-year-old U.S. commitment to accept court jurisdiction in disputes with nations similarly committed.

America's support has been the World Court's main source of inspiration. Its use has been encouraged by every previous president, most energetically by Republicans. Although the court has only limited power to enforce its rulings, it had acquired considerable moral force in resolving lesser disputes.

Reversing that American commitment should be debated — if only to make clear the limited step back that now seems desirable. President Reagan's lawyers say they want only to expose abuse of authority by the World Court and the hypocrisy of other nations. Why then give the appearance of joining those who resist any higher order? Why spite America's law-abiding name to square accounts in a petty brawl with Nicaragua?

— THE NEW YORK TIMES.

The Peace Corps Idea

We have something to add to the celebrations now under way of the 25th anniversary of John F. Kennedy's proposal to establish the Peace Corps. A great deal has been said and done in recent days to honor the extraordinary, and sometimes heroic, achievements of Peace Corps volunteers all over the world in the decades since the agency came into being.

To all of this we say amen, and we also join in commending President Kennedy himself for having espoused the idea and helped push it into law. The Peace Corps, with its youthfulness, its energy and excitement and commitment, became a kind of symbol of the Kennedy administration at its early best, and this was fitting. The agency got its momentum and its enduring personality in those years, and it reflected what was most innovative and idealistic about the Kennedy administration.

But something is missing here. The something is Hubert Humphrey. It is always a wise idea, when celebrating a proposal of this kind, to check out the Humphrey record. The late Democratic senator (and vice president) from Minnesota introduced the Kennedy administration Peace Corps bill in the Senate in 1961 because President Kennedy asked him to. Mr. Kennedy asked him to because Mr. Humphrey had proposed the Peace Corps idea three years before Mr. Kennedy espoused it in the 1960

campaign speech whose silver anniversary is now being commemorated. We think Mr. Kennedy would not mind sharing the credit with his friend Hubert, and so we let Mr. Humphrey have what he always loved best: the last couple of hundred words. They are from his memoir, "The Education of a Public Man":

"I introduced the first Peace Corps bill in 1957. It did not meet with much enthusiasm. Some traditional diplomats quaked at the thought of thousands of young Americans scattered across their world. Many senators, including liberal ones, thought it a silly and unworkable idea. Now, with a young president urging its passage, it became possible and we pushed it rapidly through the Senate. It is fashionable now to suggest that Peace Corps volunteers gained as much, or more, from their experience as the countries where they worked. That may be true, but it ought not to demean their work. They touched many lives and made them better. Critics ask what visible, lasting effects there are, as if care, concern, love, help can be measured in concrete and steel or dollars and cents. Education, whether in mathematics, language, health, nutrition, farm techniques or peaceful coexistence may not always be visible, but the effects endure."

— THE WASHINGTON POST.

Other Opinion

A Time for Stability in Lisbon

The victory of the Social Democratic Party in the Portuguese election may just bring an element of stability to one of Europe's most volatile democracies. The Social Democrats have served in every cabinet since 1980. They have also brought down more than one of them. Now that they will be playing first fiddle in the 16th government since the end, in 1974, of the Portuguese dictatorship, they may be less inclined to rock the boat. Since Portugal will join the European Community at the beginning of 1986, its stability and its ability to cope with pressing economic problems are matters of more than routine interest.

One difficulty in Portugal has been the built-in rivalry between an elected president and a prime minister responsible to an elected parliament. It is legitimate to ask whether the Portuguese electorate will continue forever to tolerate the obvious inefficiencies of the present system. Whichever new government now will emerge, there has every reason to concentrate on the economy and on the many rigidities that are holding it back, rather than on the personal rivalries that played so big a part in the campaign now concluded. Unfortunately, the need to hold presidential and local elections within the next three to four months may prove too much of a distraction.

— The Financial Times (London).

FROM OUR OCT. 10 PAGES, 75 AND 50 YEARS AGO

1910: Mob Kill Priests in Portugal

LISBON — The most astounding feature of this extraordinary revolution had been the absence of those repellent features which almost invariably accompany political upheavals. Up to [Oct. 9] there had been no wanton destruction of life or property, no pillage, no outbreaks of mob passion. But there are disquieting signs that a change is coming. The mob has now shown its fangs against the religious orders. Monasteries and convents have been forced and their priests killed and acts of sacrilege committed. The Government cannot be accused of collusion, but the gravity of the situation lies in the fact that no proper effort was made to control the soldiery and the populace who were permitted to loot and destroy at will, not a single commissioned officer being present to keep the troops in hand. One is compelled to ask where will it end.

1935: Chemical Warfare in Abyssinia
WITH ABYSSINIAN FIELD HEADQUARTERS NORTH OF JUJUA — "They call us savages, but we will never resort to the use of gas, which apparently is Italy's first contribution to the new civilization of Ethiopia," said General Nasibu, commander of the southern area. A chemical irritant is being rained upon the Ogaden front, said dispatches reaching him [on Oct. 9]. This is a substance in the form of fine powdery particles which cover a wide area when dropped. The substance caused terrible agony to the wounded. The general stated [on Oct. 8] that non-combatants were among casualties caused by Italian gas bombs, which had blanketed a wide area with a thick yellow fluid believed to be mustard gas, and caused soldiers and civilians to fall down in agony. He pointed out that there were only a few gas masks among Abyssinians on the front.

An Unfolding Catalog of Arab Violence

By Zev Chafetz

JERUSALEM — When Israeli jets bombed the PLO headquarters in Tunisia last week in reprisal for the terrorist murder of three tourists in Cyprus, Italian Prime Minister Bettino Craxi led the European chorus of sympathy for the Palestinians and condemnation of Israel. Jerusalem, as usual, warned its critics of the danger of appearing terrorists. Mr. Craxi and other European leaders, as usual, shrugged off the warning.

Then a PLO faction seized an Italian ship, the Achille Lauro. The irony of their choice of target was obvious — but for Israel there was little satisfaction in being proved right.

The Italian government, which has flirted with Palestinian terrorists for a decade, can be expected to learn nothing from the current episode, which it will almost certainly treat as an isolated incident perpetrated by "extremists."

But Israel, currently engaged in the search for peace, cannot afford to delude itself about the true meaning of the Palestinian piracy. Seen in the perspective of recent events, it is both a symbol and a warning to Jerusalem.

Last Saturday seven Israeli campers were murdered by an Egyptian soldier. There were reports that his comrades prevented the victims from receiving medical attention. President Hosni Mubarak — who has turned a border dispute over Taba, a sliver of Red Sea beach the size of a few football fields, into an international issue — dismissed the slaughter as "nothing important," without even a word of regret or condolence.

As the victims — most of them children —

were being buried, word reached Israel that a Tunisian security officer had fired on a crowd of Jewish worshippers in Djerba, killing at least one. The Tunisian government, parroting Egypt's line, claimed that its Jew-killer, too, was insane.

In Lebanon today, insanity is nonsectarian. A slaughter of historic proportions has been taking place in the Lebanese city of Tripoli. Thousands, perhaps tens of thousands, of Arabs are murdering one another in an orgy of undifferentiated barbarism while the world looks the other way.

Meanwhile in Beirut, Islamic fundamentalists have assassinated American and Soviet diplomats for no apparent reason, while fighting rages between Shiite Moslems and Palestinians in, of all places, the Sabra and Chatila refugee camps.

Closer to home, three more Israeli civilians were killed last week by Palestinian gunmen. Two of them were victims of a gang that specialized in thrill killings of Israeli couples in remote areas. The latest murders prompted the minister of police, Chaim Bar Lev, to advise people to carry weapons on their holiday excursions.

And there is Yasser Arafat. At about the same time that King Hussein of Jordan was in Washington arguing that the PLO leader is now a reformed terrorist, Mr. Arafat was dispatching a hit team made up of members of his personal

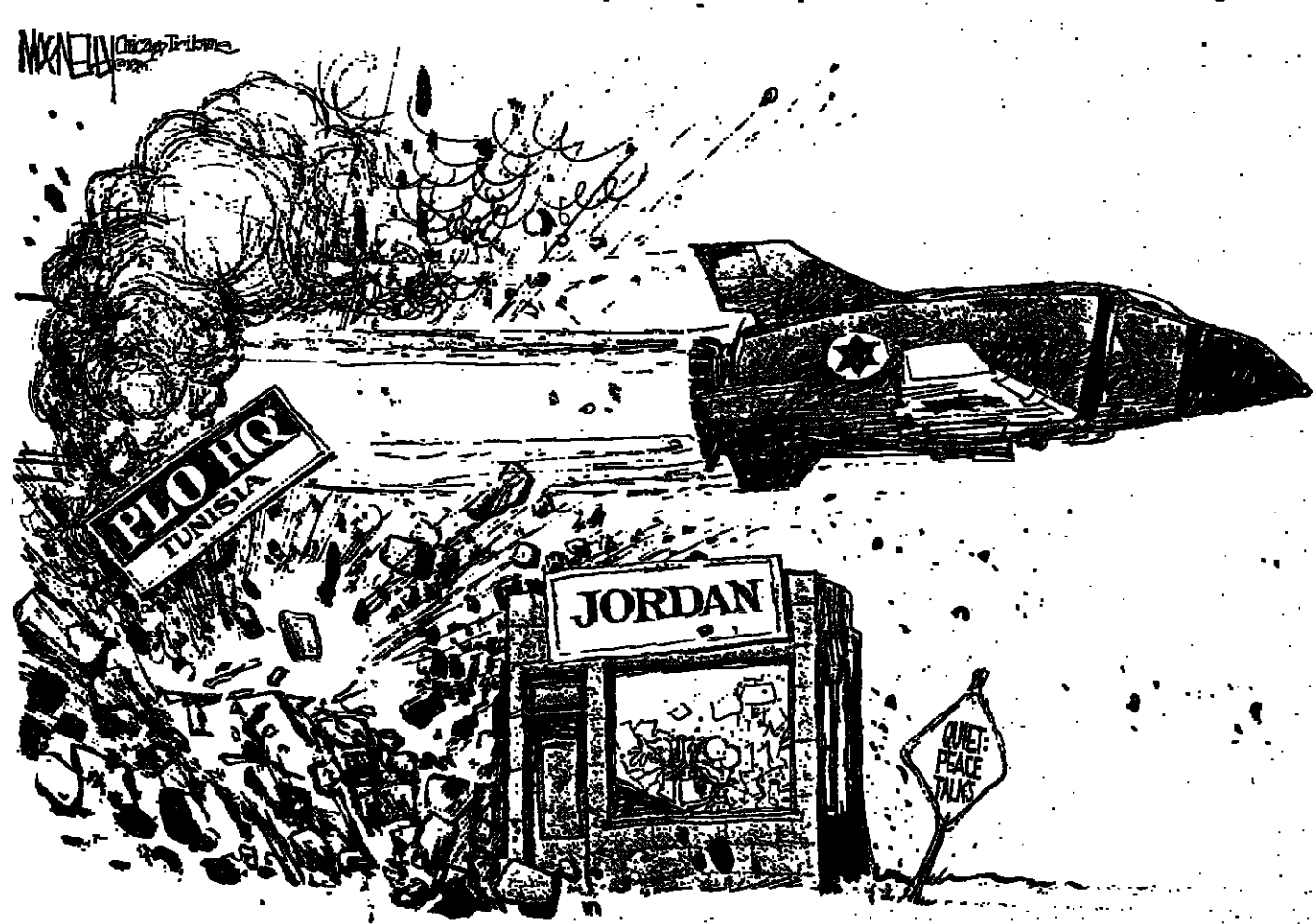
bodyguard to kill Israeli vacationers on board a yacht in the harbor at Larnaca, Cyprus.

While the fans of Mr. Arafat continue to maintain that only he can deliver a peace with Israel, half the Palestinian movement is now under the control of a blood enemy of Mr. Arafat, President Hafez al-Assad of Syria.

This is a depressing catalog of Arab instability, violence and extremism. It is a catalog that must give pause to policymakers in Jerusalem. Israel is being asked to make major territorial and political concessions in exchange for peace. But what good is a peace that rests on the good will of President Mubarak, who considers the murder of Israeli children by his soldiers to be a trivial matter; of moderate Arab states such as Tunisia, which harbor terrorists; of Mr. Arafat, a "leader" who no longer controls his own organization and struggles for influence by crawling ever deeper into the belly of the beast; of neighboring states like Lebanon, Syria and the other Arab rejectionists, who are determined to undermine any agreement that might be reached?

None of those questions is being asked for the first time. But events of the past few days, and especially the hijacking of the cruise ship, have put them into sharp focus. For Italy's Mr. Craxi, the stakes were high: a ship and its passengers. For Israel, they are considerably higher.

The writer, author of "Double Vision: How the Press Distorts America's View of the Middle East," contributed this column to the Los Angeles Times.



Israel's Air Raid on Tunisia Cannot Be Condoned

By Lloyd N. Cutler

WASHINGTON — I am troubled about the idea that a nation whose citizens are victimized by terrorists has the right to hunt and kill anyone it believes to be responsible anywhere he can be found. That is Israel's justification for its Oct. 1 air raid on the PLO headquarters in Tunisia. While the Reagan administration has reserved judgment on the Tunisian facts, it sometimes supports the principle that the Israelis have invoked.

My trouble is not merely that armed reprisals begot even larger acts of terrorism, as we have just observed with the hijacking of an Italian cruise ship. Nor is it merely that the weight of international law is probably against the hunt-and-kill type of reprisal. My trouble goes much deeper than that.

Hunt-and-kill is a principle that Americans totally reject in their own constitution and legal system. It is a principle that no other nation should ever be allowed to follow on United States territory.

This can be proved by three hypothetical questions:

If it were believed that one of the Iranian hostage-takers or the hijackers of TWA flight 847 had entered the United States, would Delta Force commandos or the FBI be allowed to hunt down and kill him without arrest or fair trial?

If the Sandinist government believed that a "contra" leader in Miami was responsible for a terrorist incident in Nicaragua, would Americans tolerate a Sandinist assassination of that leader in Miami?

If the British government or an Ulster Protestant militia group believed that an Irish-American in Brooklyn had helped to fund or direct an IRA attack in Belfast, would they be allowed to car-bomb the apartment house where the Irish-American lived?

The answers to these hypothetical questions are evident. In every case, Americans would insist on arrest and either trial under U.S. laws or court-approved extradition for trial under local law.

government or foreign nations or groups to kill mere suspects on American territory before trial.

Whether or not such an act of reprisal would offend international law, it would certainly violate the U.S. Constitution and the Bible. "It is not the manner of the Romans to deliver any man to die, before that he which is accused have the accusers face to face, and have license to answer for himself concerning the crime laid against him." (Acts 25:16, cited by Chief Justice Earl Warren in a Supreme Court case.)

How, then, can we assert the right to commit such a crime on the territory of another friendly sovereign state, or condone such action by any other state? I submit that, on reflection, we cannot condone it.

It would be bad enough if the reprisal were so surgical that only the suspected terrorist was killed, and that, if fairly tried, he would certainly have been convicted. But armed reprisals do not work that way. Do the Israelis seriously con-

tend that in addition to the alleged assassins who are under arrest in Cyprus, all those killed in Tunisia were also criminally responsible, and that all of them were certain to have been convicted in a fair trial? The question answers itself.

Terrorism is the bitter fruit of perceived injustice. It began in Czarist Russia as a principled form of protest against tyranny by assassinating the tyrant. It is now used to protest against democracies. It has spread beyond killing those in public office to the deliberate slaughter of innocent people.

We can and must deter terrorism, but not by practicing a form of terrorism ourselves. We have to find a more civilized way. When we can identify suspected terrorists in any law-abiding nation, we cannot punish them before arrest and trial. These are not procedural niceties. They are at the heart of the liberties that terrorism tries to destroy.

The writer, a lawyer, was counsel to President Carter. He contributed this column to The New York Times.

The Free Press Has Lost a Test Case on Licensing

By Leonard H. Marks

PARIS — Can a free press exist if a government has the right to determine who can be a journalist? In a licensing law violation of the Declaration of Human Rights, which provides that "everyone has the right to freedom of thought and expression . . . to seek, receive and impart information and ideas of all kinds . . . in print . . . or through any other medium of one's choice?"

These significant questions have been debated for years before international bodies, but they had never been considered by a court until last month, when the Inter-American Court of Human Rights, which sits in San José, heard the government of Costa Rica defend its law giving a government-sponsored body, the Colegio de Periodistas de Costa Rica, the right to jail a reporter for failure to obtain a license. Stephen Schmidt, an American residing in Costa Rica for more than 10 years, was convicted for working as a reporter (without the consent of the Colegio) on the English-language Two Times in San José. He was given a suspended sentence, and he later left the country.

The Colegio de Periodistas argued that the law, defended as a tool to protect the public from incompetent or irresponsible news reports, is as justified as laws licensing doctors, lawyers and many craftsmen.

The Inter-American Court is limited to an advisory opinion, but its decision will have a significant impact worldwide. Nine other Latin American countries have press restrictions similar to Costa Rica's which could fall under the ruling. Moreover, since the free press provision for Latin America is essentially the same as the guarantee in the Universal Declaration of Human Rights adopted by the UN General Assembly in 1948, the decision could influence all signatories. Democratic countries have debated licensing of journalists for 350

years. In England, John Milton in Areopagitica (1644) opposed the efforts of the crown to control the printing press. His classic defense of press freedom became part of the common law that was followed in the American colonies, where the John Peter Zenger case became a beacon for press freedom. Soon the First Amendment to the U.S. Constitution proclaimed that Congress "shall make no law . . . abridging the freedom of speech or of the press."

In Latin America in 1948, the Bogota Declaration carried out the same thought, stating that "every person has the right to freedom . . . of expression and dissemination of ideas by any means whatsoever."

The issue in the Costa Rican case is not a test of this philosophy, but of whether a requirement for a press license enforced by government negates the freedom. The hand that grants a license is the hand that can withdraw a license. It gives to a government the power to discipline those who report on its performance. The chilling effect that this can have on independent thought and comment — on the very functioning of a watchful press — is self-evident.

The challenge to the licensing law does not preclude trade associations or unions from advancing the well-being of their members in wage disputes or in determining working conditions, but there is a critical distinction between such functions and that of the Colegio. Nongovernmental trade groups do not license and thereby restrict the right of an individual to express views publicly. It is that restriction that conflicts with the human rights protection. The defenders of the Colegio law, in arguing that lawyers, doctors and many craftsmen are subject to similar restrictions, asked why journalists

should be treated differently. They charged that a defamatory or inaccurate report can harm society and the individual just as a person's well-being is threatened by a doctor's malpractice. But there is a basic distinction. Freedom of the press is a right fundamental to a democratic society. Medical advice has no such standing.

The journalist is the channel through which the public is kept informed on current events. To limit the number of people who can do so is to put on blinders and negate society's right "to receive information and ideas of all kinds."

Proponents of licensing argue that press freedom has been abused, and that libel and slander laws are not adequate to compensate victims of erroneous or malicious reporting. But

this does not justify restricting the reporter by a license that keeps him on a short leash and restricts the nature of his reporting. When that happens, the public suffers.

In a democracy the press stands as a critic of government charged with airing controversial actions and challenging public decisions. Officials resist such challenges and regard journalists as adversaries. If an official accused of misconduct or poor judgment has the right to revoke the reporter's license and deprive him of livelihood, who can doubt the effect? Would a licensed journalist, having written the Watergate story or tried to unravel the Greenpeace affair?

The writer was counsel for the World Press Freedom Committee in presenting arguments to the Inter-American Court. He contributed this column to the International Herald Tribune.

LETTERS TO THE EDITOR

A Distinguished Father

Your obituary of the French actress and writer Simone Signoret (Oct. 1) contained a brief reference to her father, André Kaminker, which perhaps you will let me amplify.

During World War II Mr. Kaminker served with distinction as a lieutenant in General de Gaulle's Free French forces. Toward the end of the war he was appointed head of

Radio Martinique in Fort-de-France. When peace came he joined the United Nations secretariat in New York as an interpreter, eventually moving on to be chief interpreter at the Council of Europe in Strasbourg.

He was one of the founders of the International Association of Conference Interpreters (AIIC), of which he was elected honorary president for his outstanding services.

JEAN BACK,
Geneva.

Speaking of Elegance

Your front-page report from Paris (Oct. 5) under the headline "Mrs. Gorbachev Seen as Elegant, Not Chic" was cruel and tasteless, aside from being most un diplomatic.

PATRICIA SCARRY,
Gstaad, Switzerland.

Another Kind of Agent

Regarding the opinion column "Too Many Soviet Agents Are at Work in America" (Sept. 30) by Senators Patrick J. Leahy and William S. Cohen:

The two senators seek a reduction in the number of Soviet diplomats in the United States in order to reduce the espionage threat. They fail to mention the Soviet-bred population in California and New York. Thousands of émigrés are free to move about and take sensitive technical jobs. Relatively few Soviet officials can be supervised by American citizens. No one with any knowledge of the Soviet system can doubt that there must be a substantial Russian intelligence infiltration among the émigrés.

ELIZABETH ZAGORSKA,
London.

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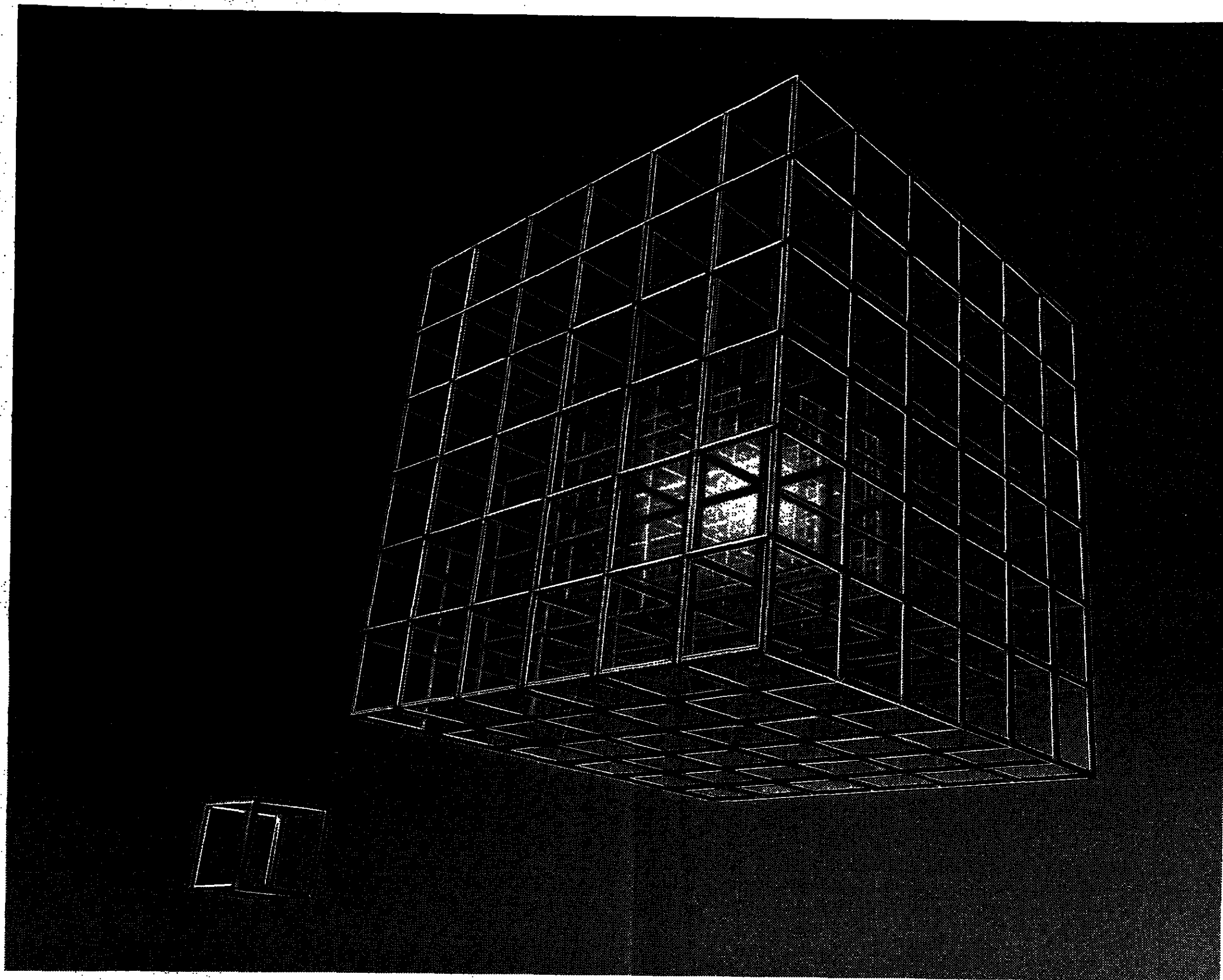
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The Case Against Summit

By George F. A.

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House Passes Farm Bill, Keeps Price Supports

By Steven V. Roberts

WASHINGTON — The House of Representatives has overwhelmingly adopted a farm bill that would cost \$141 billion over the next five years. Most of the money would go toward propping up prices paid to farmers and feeding the nation's poor through the food stamp program.

The vote Tuesday night was 282 to 141.

The Senate version of the bill, which is considerably more generous to farmers than the one passed by the House, is scheduled to reach the floor late next week.

In general, the House maintained farm support programs at existing levels and rejected proposals by the administration to gradually eliminate those programs.

Sponsors of the bill said that it fell far short of what was needed to revive the slumping fortunes of the farm economy.

Representative E. de la Garza, the Texas Democrat who is chairman of the Agriculture Committee, said the legislation would "keep farmers in a 'holding pattern.'"

Representative Leon E. Panetta,

a Democrat of California, added, "Essentially what we've done is hold the status quo when farm areas are in a deep crisis."

But the House, Mr. Panetta said, was "caught in a crunch between the farm crisis and the budget crisis." Accordingly, he said that while the programs were not reduced they could not be augmented either.

In earlier votes Tuesday, the House retained provisions to restore about 20 percent of the cuts made over the past four years in the food stamp program and defeated an attempt to kill the tobacco support program.

The House also reversed itself on a proposal to allow farmers who did not provide sanitation facilities for their workers. The House originally adopted the measure by voice vote, but then turned around and defeated it on a roll-call.

The farm debate has echoed with political implications. As the economic slump in the Farm Belt has persisted, President Ronald Reagan has continued to lose support.

Last year, two Republican senators from the Farm Belt, Roger W. Jepsen of Iowa and Charles H. Percy of Illinois, were defeated in bids for re-election, and about a half-dozen Republicans from farm states face the voters next year.

What matters worse politically was that the Reagan administration's budget this year proposed sharp reductions in many farm support programs.



UNITA guerrillas examining a Soviet Mi-25 helicopter shot down during the Angolan Army's recent defeat.

Angolan Army Retreating After Defeat

(Continued From Page 1)

and Cubans were helping to fly the Angolan Air Force's MiG-21s, MiG-23s, Sukhoi SU-22 ground-attack fighters and Mi-25 helicopter gunships.

Mr. Matamba, who spoke Russian, said he had spent three years in the Soviet Union learning to fly MiGs. Appearing at the briefing with his arm in a sling, he said he was shot down by a UNITA anti-aircraft cannon on a bombing raid Oct. 3 on Mavinga.

The pilot said he had not encountered any South African aircraft during the 45 missions he had flown during the campaign. He said Angolan radar operators had told him they had seen South African planes on their screens, "but I didn't see any in the air."

Mr. Savimbi denied that he had received any active South African assistance. "There was not a single South African soldier here," he said. "We did not need it, we did not request it, and South Africa was not prepared to give it."

The retreating Angolan Army is now about 20 miles north of the Lomba River, withdrawing toward the town of Cuito Cuanavale.

With Angola's rainy season due to begin this month, which will make sandy tracks through the bush impassable to trucks and armored vehicles, a counterattack is

unlikely and Mr. Savimbi appears safe at least until the next dry season begins in April.

But Mr. Savimbi said he expected the Angolan Army, which he claims is acting on Soviet orders, to regroup and try again to reach his Jamba headquarters.

"The Russians are like the elephants," said the UNITA leader, who received his guerrilla training in China and reflects a Chinese contempt for Soviet military strategy. "They'll come back the same way, again and again."

He repeated his frequent appeals for the West to come to his assistance, and said that since the latest assault on his position, by far the biggest of the war, there were signs of growing support for him within the Reagan administration.

Mr. Savimbi said he believed Lu-

anda's Soviet advisers had decided to launch this major conventional invasion of the UNITA-controlled sector of southeastern Angola because it wanted to test the willingness of the United States to come to his assistance now that Congress had withdrawn the Clarke Amendment, which prohibited U.S. aid to UNITA.

On the battlefield, scores of the Angolan Army's dead were lying in the tropical sun. The air was thick with flies and the trees heavy with vultures, nature's gloomy undertakers waiting to do their work.

The fact of so many unburied corpses, and a group of 20 heavy Soviet Zil troop-carriers — one with a rocket launcher mounted on it — which appeared to have been destroyed in a single attack, suggested that at least some of the

Angolans had been caught by surprise and that there had been a hasty retreat.

The Luanda government claims there were three South African air attacks on their troops. The most recent was on Sept. 29, the day they began their retreat across the Lomba River. But Mr. Savimbi denied this.

There was no evidence of South African troops in the vicinity and it seems unlikely they were there. As Mr. Savimbi said: "I don't want South African ground troops here. If one was killed or captured it would cause too many problems."

Mr. Savimbi gave Angolan Army casualties in the battle as 2,300 killed and wounded. He said 410 UNITA fighters had been killed and 832 wounded.

Riccardo Bacchelli, 94, Italian Writer, Dies

Reuters

MONZA, Italy — Riccardo Bacchelli, 94, the prolific Italian writer whose interests embraced history, poetry, drama, and fiction, died Tuesday, doctors said.

Mr. Bacchelli was known for his popular historical trilogy "The Mill on the Po." Published from 1938 to 1943, these novels traced the devel-

opment of modern Italy through the lives of a family of artisans in the Po valley.

In a career that spanned 70 years, Mr. Bacchelli produced numerous lyrical poems, essays, biographies and plays for stage, television and radio.

He was born in Bologna. He abandoned university studies in the

third year to concentrate on literature.

His first article was published when he was 18. Two years later Mr. Bacchelli wrote his first novel, "Lodovico Cio's Marvelous Thread."

His last novel, "In the Cave and in the Valley," was written in 1980.

Britain in the 1980s: Portrait of a Nation in Decline

(Continued From Page 1)

ation for the Advancement of Science that the ability of scientists here to contribute to the study of cancer and other illnesses had already undergone "a horrifying decline."

Different details catch different people's attention. A West German industrialist who negotiates labor contracts spent a few days recently talking to some English counterparts and looking at their figures. When he saw the average wage of an unskilled factory worker, he asked how such a man could ever afford to take his family to a good restaurant. Told that he could not, the German remarked that neither he nor his employees would ever tolerate such a situation.

A Swede who knew Britain well 25 years ago but had not been back since was startled not long ago to see a small newspaper item boasting that British home appliances now had almost as good a service record as those from southern Europe, where such products were not very widely used, let alone widely manufactured, a quarter of a century ago.

All this is the reality, moreover, after five years of growth in the gross domestic product, the long-lasting upswing for 30 years. What will happen when that boomlet ends, as many economists here now expect it to do in 1986?

In some ways, the situation is worse than it seems, especially to those who live in the capital, in southeast England or in other parts of Britain, such as the West Country, where pretty settings or gentle climates or social amenities have attracted new, small, high-tech industries. These are, in a sense, the British equivalent of the U.S. Sun Belt, the parts of the country to which people flee from old, worn-out cities.

Proportionately few of the 3.2 million unemployed (13.4 percent of the work force) live there. It is in the north of England, in the Midlands, in south Wales, and in parts of Scotland that youngsters leaving school, in the words of a Bradford social worker, "may as well forget about finding a job in this life and start worrying about the next." It is in those same places that an underclass — deprived, ill-educated, unhealthy, without hope — has been created.

If this is hard to see from Mayfair and the City of London, it is even harder for most Britons to bear in mind the fact that their country's poor economic performance has persisted despite its status as one of Western Europe's two major oil producers, the other being Norway. Petroleum production, now near its peak, has generated jobs and helped the balance of trade, but by the end of the century its impact will be relatively slight.

When the oil runs out, or nearly does, "I despair for a country that has de-industrialized as we have," says Roy Jenkins of the Social Democratic Party, who is widely considered to have been Britain's best postwar chancellor of the Exchequer. Peter Jenkins, a leading newspaper columnist, is even bleaker. No one has a convincing explanation, he wrote the other day, "how we are going to afford to import the food and raw materials we need to eat and work" when the oil is no more.

British society has demonstrated a remarkable cohesion over the centuries. It is embedded in folklore: the Britons are the experts at muddling through, the possessors of stiff upper lips. It shows in such homely details of everyday life as the orderly queue, the warmth of the greeting, and the patience lavished on an old woman in a village shop as she fumbles for her change.

Those aspects of life here — civility, courtesy, coziness — have always been Britons to their country, even in adversity. They are part of the British myth, along with lovely countryside, dogs and horses, rose gardens, the Armada, the Battle of Britain.

Social cohesion persists, but there are signs of strain, especially in the violence that has become commonplace in British life. It is still safe to walk on most of London's streets at night, and the murder and rape rates are still low compared to those of the United States. But the old image of the benevolent, unarmed bobby is fast being replaced by that of the armed, helmeted, shield-bearing policeman on riot duty.

Michael Howard, Regius Professor of Modern History at Oxford University, thinks that the foundations may be buckling. He said last year: "The degree of national unity that we achieved under the leadership of Winston Churchill has been steadily eroded. The glorious flood tide that swept us all up together has ebbed, leaving a desolate foreground littered with evil-smelling detritus and decay."

Mrs. Thatcher and her cabinet would not agree, of course. While conceding that unemployment is a social evil, even with the cushion of unemployment benefits far beyond anything paid out in the 1930s, she insists that government cannot create jobs. She has reinforced the department responsible for what she calls "enterprise and employment," but has made it clear that the policy will not change.

That policy aims at the fostering of nothing less than a revolution in economic consciousness in this country — a new sense of innovation, so that British inventions are no longer exploited mainly by other countries; a new work ethic, where the government is no longer regarded as a "bunny" that will solve everyone's problems; a breakdown in the class structure that has for so many decades propelled the best and the brightest in Britain — the products of Eton and

Winchester, Oxford and Cambridge — into teaching, the civil service, perhaps even into banking, but almost never into industry.

There are a few signs of success, such as the emergence of belts of high-technology industry along motorways west of London and east of Glasgow and the development of shopping malls on the periphery of many cities.

But the class system, despite the example of Mrs. Thatcher herself, who grew up in a flat above her father's corner grocery store, shows astonishing resilience. Ronald Dworkin, an American legal philosopher who teaches at Oxford as well as at U.S. universities, thinks that snobbery among his students has waxed, not waned, in the last five to 10 years.

At the apex of the system, unchanged and unchallenged, remains the royal family. The novelists Anthony Burgess wrote early this summer:

"There is a fine stratum of useless, elegant retainers surrounding the royal family. Out of this stratum into the boom of the family a personage like Princess Diana, whom all the world loves. She takes no bread, paints no pictures, reads no books above the level of Freddie Forsyth, contributes nothing to the world's work; she merely proclaims the purely decorative function of her class."

"And this is admirable. This is what the gruffest unemployed miner accepts as a part of heaven that he will never reach."

Is some of the problem a reluctance to work on the part of the typical Briton, whether an aristocrat who would rather have a couple of part-time directorships than manage a factory, a clerk who would rather fish on Saturday than earn double pay for overtime, or a carpenter who announces that he cannot do a job when promised because he is tired and thinks he will take a week off?

Almost three decades ago, Ernest Bevin, the great British foreign minister, who had risen from orphaned poverty through the trade unions to political eminence, told a group of American friends in New York: "The trouble with my people is their poverty of desire."

A surprising number of people here concur. One of the country's leading bankers, himself a Jew of Central European origin, said a few weeks ago: "I think foreigners make England tick — Asians in the shops, even though the English are supposed to be a nation of shopkeepers, and Jews, Germans, Americans, what have you, in the City of London, which is supposed to be our great success story."

Some days later, an American woman in real estate said: "I don't think it's a linguistic accident that Americans run for office and the English stand for office." To which the proprietor of the restaurant where the conversation was taking place, an Old Etonian, replied: "But there are many kinds of ambi-

tion. You define success in terms of money, possessions, job titles. I define it as doing something I like, enjoying my life. I don't want wads of money."

Brian Walden, a former Labor member of Parliament, now a television broadcaster and newspaper columnist, despairs of success for Mrs. Thatcher or any other politician in remedying what he terms "the economic failure" of modern Britain. He says: "Every attempt to force cultural change founders because it is not rooted in popular sentiment. We are a radical people, but nobody knows how to harness our instincts."

"We need," he added, "to abandon our passion for an ancient set of values that places great emphasis on continuity, security and sophistication, that exalts time-honored good form in a sinking ship. We need to be a coarser, more vigorous, more hard-nosed, more determined society. In other words, we need to be in peace what we have always been in war."

None of the political parties, perhaps not surprisingly, is proposing exactly that. Mrs. Thatcher links hard-nosed economic behavior not to a change in old values but to a return to Victorian moral virtues.

Labor, whose first response to accelerating decline was a lurch to the left, toward a more overtly socialist doctrine, now seems to be swinging back toward a mixture of socialism and the old Keynesian formulas. The Social Democratic Liberal alliance, called into being by the increasing extremism of the two biggest parties, talks of a political revolution that would dampen class and ideology and lead to economic revolution.

Current evidence suggests that none of the three has persuaded the British public that it has the right answers. Findings fluctuate from poll to poll, but in most the three groupings have about the same level of support, and that indicates no great head of steam for fresh thought or innovation.

Even if the alliance were to succeed, in the general election that will probably take place in the fall of 1987 or the spring of 1988, in "breaking the mold of British politics," it is not probably itself forced to compromise its program with one of the other parties to gain a share of power.

Not many once-mighty countries adjust to newer, harsher realities and flourish. For Britain, in the view of many, the best answer might lie in a strong and unified Europe.

But European unity remains a distant vision, and typical Britons feel little sense of identity with their Continental cousins. He and she still say, "I'm off to Europe," when flying to Paris, and the journalists who inform them and the politicians who govern them are for the most part ignorant of the flux of events in Bonn and Rome, Copenhagen and Amsterdam.

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NORDIC BANKING AND FINANCE

A SPECIAL REPORT

THURSDAY, OCTOBER 10, 1985

Page 7

Foreign Banking Will Profit From Liberalizing Moves

By Errol G. Rampersad

STOCKHOLM — Sweden, the last major industrial country in Western Europe to exclude foreign banks, moved closer to removing all barriers as the Bank Inspection Board accepted applications from 13 foreign banks last week to set up subsidiaries.

Foreign subsidiaries have been operating in Denmark, where they are involved in almost every aspect of corporate financing, for some years, and more recently in Finland and Norway.

Of the five Nordic countries, Iceland is the only one that does not allow foreign bank operations. And within the Organization for Economic Cooperation and Development, Iceland and New Zealand are the only members not permitting foreign banks.

However, Iceland has begun discussions that could pave the way for limited participation by foreign banks.

"The question of foreign banking activity in Iceland will be considered in the current parliamentary session," said David Olafsson, a member of the board of governors of the Sedlabanki Islands, the central bank.

Representative offices for for-

ign banks could very likely be negotiated from the beginning of next year, Mr. Olafsson said. However, they will be admitted with some restrictions and not quite to the extent that they have been accepted in the other Nordic countries, he added.

"At the moment there is a healthy trend toward liberalization in Icelandic banking," Mr. Olafsson said. "Moreover, we are using a great deal of foreign capital in our investments and industries. Because of this, we will welcome foreign banking as beneficial for the Icelandic economy, not to mention the competition that it could generate for domestic banks."

In last week's bid for Swedish licenses, French banks made up the main group, with five applicants. Only two American banks were on the list. There were no applications from the major British, West German or Japanese banks.

A spokesman for the Bank Inspection Board said foreign banks could apply to set up subsidiaries, not branches, with a minimum share capital of 25 million kroner (\$3 million). According to the spokesman, the banking authorities were expected to submit their recommendations to the Finance Ministry next month and initial approval for licenses was expected to be given in January.

The list of applicants includes Banque Nationale de Paris, Société Générale, Crédit Lyonnais, Banque Paribas and Banque Indosuez, of France; Citibank and Manufacturers Hanover Trust, of the United States; Christiana Bank, Bank of Oslo and Den norske Creditbank, of Norway; Kansallis-Osake-Pankki and OKO Bank, of Finland; and Algemene Bank Nederland NV, of the Netherlands.

Three notable U.S. absences in the first round of applications were Chase Manhattan, which recently set up subsidiaries in Helsinki and Oslo; First National Bank of Chicago, which has maintained representative operations in the Swedish capital, and Bank of America, which was also expected to apply.

Bank Indosuez is planning to establish a joint-venture bank with Postipankki of Finland, with which it is already operating in Helsinki, and the Bank of Oslo has applied in a joint venture with Nevi, the Norwegian finance company.

In its application, Manufacturers Hanover, the fourth largest American bank, noted that it had credits of more than \$1 billion, of which \$330 million was in short-term loans, to Swedish companies and the Swedish state. Banque Nationale de Paris has credits with around 50 Swedish companies amounting to 4.8 billion kroner. Both of these credits were described by the Bank Inspection Board as "surprisingly large."

Den norske Creditbank plans to establish operations in Göteborg on the west coast, where it has a natural base because of the region's geographic proximity to Norway and the bank's long-established links with companies there. Kansallis-Osake-Pankki and OKO Bank, the central unit for the Finnish cooperative banks, plan to direct operations toward the 400,000 Finnish immigrants living in Sweden.

OKO Bank describes its aims in Sweden as "ethnic banking." "We already know that 40 percent of the 400,000 Finns in Sweden have been or still are customers with us in Finland," said Kaj Krus, deputy director of OKO Bank in Sweden.

The two Finnish banks intend to cater to the consumer needs of the Finns in Sweden, whereas the other major applicants plan to enter the market with corporate financing.

Håkan Johansson, managing director of Credit Lyonnais in Stockholm, said that coordination with the other four state-owned French banks "would extend only so far as trade promotion for France is concerned."

As for the size of the market share Crédit Lyonnais could take in Sweden, Mr. Johansson said: "The balance sheet total of the Swedish commercial banks is around 550 billion Swedish kroner. It is unlikely that Crédit Lyonnais' balance during the first years of operation will exceed 1.5 billion to 2.5 billion kroner. However, in certain other areas our market share may be higher, such as transfers and letters of credits."

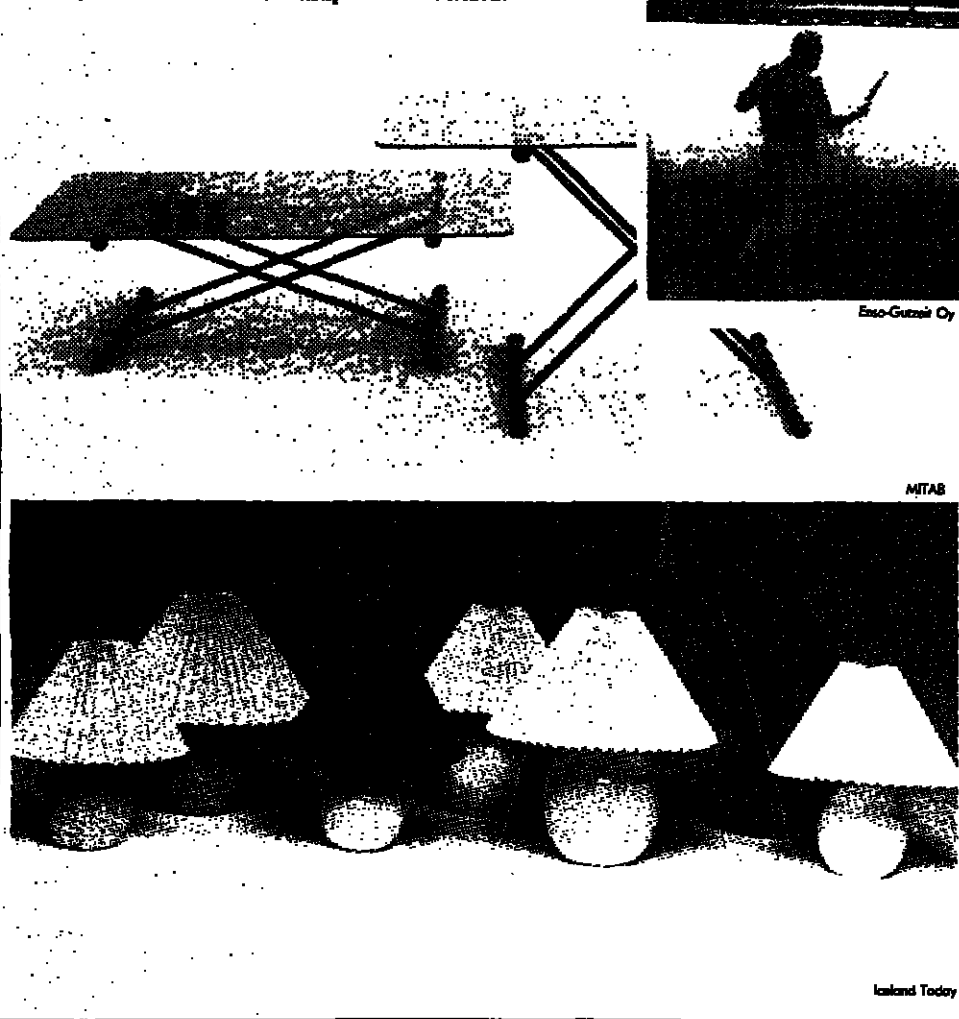
In describing his bank's long-established ties with Sweden, Mr. Johansson said:

"Between 1869 and the beginning of World War I, Crédit Lyonnais had participated in six bond issues for the Kingdom of Sweden and eight Swedish banks had opened their correspondent accounts with our Paris headquarters. Since then, we have developed our operations with a great number of industrial and commercial Swedish companies, especially those that

(Continued on Next Page)



NORDIC EXPORTS — A mass of logs, above, is pushed down a Finnish river. Much of Finland's lumber is converted to paper, right. Below, design tables from Sweden and lamps from Iceland.



Stock Exchanges Gradually Entering the World Equity Boom

By Bengt Ryden

STOCKHOLM — The winds of change are blowing over the Nordic stock exchanges. After decades of slow and quiet development, the stock markets of Sweden, Norway, Finland and Denmark are partners in the worldwide equity capital boom and are gradually entering the evolving global stock market.

The Swedish equity market revolution took place in 1981, while the other Nordic exchanges came a little later.

In Stockholm, Oslo and Helsinki, total turnover in shares has increased more than 10 times from 1980 to 1985. Copenhagen has experienced a somewhat slower development.

The Nordic stock exchanges are still small on an international scale. The Stockholm exchange's share turnover in 1984 put it among the 10 biggest exchanges in the world, but with only a fraction of the turn-

over of the number of listed companies of New York, Tokyo and London. Closest to Stockholm in share trading is the Paris Bourse.

Major differences in size also characterize the four Nordic countries. Stockholm accounted for a trade of shares of about \$9 billion in 1984, compared with \$2.5 billion for Oslo, \$500 million for Helsinki and \$200 million for Copenhagen. Market values of listed shares as of Dec. 31, 1984, were: Stockholm, \$29 billion; Copenhagen, \$9 billion; Oslo, \$7 billion, and Helsinki, \$5 billion.

Iceland, so far, has no stock exchange, but its banks have started discussions about opening an exchange in Reykjavik.

The conclusions are somewhat altered if bond and debenture trade is brought into the picture. Copenhagen, Oslo and Helsinki have traditionally been very active in bonds. Copenhagen had turnover of \$5.5 billion in 1984, Oslo \$2.5

billion, and Helsinki \$1 billion. Bond trade thus is 30 times higher than share trade in Copenhagen, twice as big in Helsinki, and equal to share trade in Oslo. In Stockholm, bond trade on the exchange

"On the horizon we can thus see signs of a truly Nordic stock market, although the interest on the political level has not been strong."

is only one-seventh of share trade, because almost all bonds and money-market instruments are traded outside the exchange.

For decades the Nordic stock exchanges have been almost exclusively devoted to domestic securities. Because of legal and other restrictions and perhaps to some extent provincialism, share trade over the borders has been limited.

Economies Slowing After Hectic Growth

By Michael Metcalfe

COPENHAGEN — After more than two years of vigorous economic growth outstripping that of the rest of Europe, the economies of the five Nordic countries are slowing down, posing problems to be tackled in the immediate future.

Last month's national elections in Sweden and Norway proved inconclusive and left the political map of the region broadly unchanged, indicating that the parameters of economic policies are unlikely to change markedly in the next two to three years, according to economists and bankers.

Both the Conservative-led coalition in Norway and the Social Democratic administration in Sweden were returned to power with sharply reduced numbers of parliamentary seats and, therefore, less room to maneuver in the economic arena.

With the Social Democrats of Prime Minister Olof Palme dependent on the Communists for a majority in the Swedish parliament and the Norwegian center-right coalition of Kaare Willoch pinning its survival on the maverick right-wing Progress Party, pressures could build up to tinker with specific components of economic policy.

"However, these changes will almost certainly be no more than cosmetic as the ruling parties will be intent on ensuring that their stewardship of the economies is not laid to waste," one banking economist said in Oslo.

The international success of the Nordic economies over the last two years is to be measured in three key areas, economic growth, trade performance and current account. Where developments have been more checked is in inflation and employment.

According to a recent report by economic analysts of the five countries' industry federations, gross domestic product, which is a country's total output of goods and services, will grow by a joint 2.2 percent in 1985, compared with 3.4 percent in 1984. For next year, growth is expected to slow to between 1.5 percent and 2 percent.

Exports have proved the main driving force behind the strong recovery, propelling Denmark and Finland in particular into the front-runners of growth in the Western industrialized countries, though Norway and Sweden have not lagged behind in winning larger international market shares.

But here growth rates are clearly slowing down. Whereas exports of goods and services from the Nordic area advanced by 7 percent in 1983 and by 5.2 percent in 1984, for this

year and next they are forecast to grow by 3.1 percent and 3.4 percent.

Fluctuations in international business cycles have played their role in the small open economies of Denmark, Finland, Iceland, Norway and Sweden, according to economists at the Paris-based Organization for Economic Cooperation and Development.

Norwegian and to some extent Swedish and Finnish exports include raw materials and semi-finished goods, which increase in volume early on in an international economic recovery but then decrease as demand tails off.

By contrast, Denmark, which exports agricultural products and finished manufactured goods, areas where its industry's price competitiveness has improved over recent years, is the sole Nordic country in which exports are expected to accelerate in 1985 and 1986.

According to recent budget pro-

posals for 1986, Danish exports are forecast to rise by 5 percent next year, spurred by a surge in real business investment of 6 percent.

In 1984, GDP growth was over 4 percent, the fastest rate in Europe, and is expected to hover close to 3 percent this year.

"GDP growth is expected to remain above the European average over the coming two years," the OECD said in a recent economic report. "In 1985, the main impetus to the expansion of demand are likely to continue to come from business investment and exports, boosted by improved competitiveness."

The conservative-led coalitions of Denmark and Norway, by choosing the hard road of stringent incomes' policies and holding down public expenditure in two of the world's most advanced welfare states, have with varying degrees of

success tackled the problem of inflation cutting into export price competitiveness. However, the level of imports remains high and is projected to accelerate further in the next two years, posing imported inflationary problems in the immediate future.

The industry federations' report forecasts that imports of goods and services into the Nordic area will expand by 4.4 percent in 1986 and by 6.4 percent in 1985, compared with 5 percent in 1984, with the growth stemming primarily from a revival in business investment but also from expanding private consumption, particularly in Finland and Norway.

Growth in industrial production varies among the Nordic countries. While Danish, Finnish and Swedish industrial output is expected by the industry federations to grow by between 3.5 percent and 4 percent this year, Icelandic and Norwegian production will expand by between 1 percent and 2 percent. On average, the Nordic economies are projected to increase their industrial output by 3.3 percent in 1985 and close to 2.5 percent next year.

Increased exports and weaker domestic demand hitherto have improved the current-account balances of Finland and Norway. The latter's case is exceptional, however, buoyed as its economy is by North Sea oil and gas revenues, which are expected to boost its current-account balance by around 70 billion Norwegian kroner (\$8.88 billion) this year.

This huge surplus has to be seen in perspective. The traditional industries of Norway, such as mining, shipping and engineering, are still performing poorly when measured against their international competitors.

The exports of these sectors thus tend to lag behind Norway's imports, thereby contributing to a deficit on the current account, which is, however, more than canceled out by the healthy North Sea earnings.

Current account developments in Denmark and Sweden continue to prove disappointing, with the size of the deficits still giving cause for anxiety among economists and government officials.

Denmark's 1986 budget proposals allow for a further fall in the budget deficit, helping to trim the current account shortfall progressively until a balanced external current account is achieved in 1988, Finance Ministry officials said.

However, the government has run into criticism from the opposition Social Democrats, who charge

(Continued on Next Page)

Industrial Prospects Remain Good Among Varying Economic Patterns

STOCKHOLM — The waves from the closely fought elections this summer in two Scandinavian countries, Norway and Sweden, have not swamped the generally buoyant nature of those economies. The five Nordic countries as a whole are tackling issues where necessary to maintain growth while curbing public and budget deficits, but the region continues to benefit from the revival that accompanied the improvement in international activity last year.

Now that the passions of the political debate have receded in Stockholm and Oslo, the judgment of industrial leaders in the region is that the Nordic countries are continuing to respond reasonably well to the international upturn.

Economic analysts at the Organization for Economic Cooperation and Development noted that exports had risen at relatively good rates. Investment everywhere has been stronger and there has been a rise in industrial activity and a corresponding fall in unemployment, they said.

Economic patterns vary in the region, but in

general, prospects for industrial growth in the five countries remain good.

Politicians are promising tighter fiscal policies to fight inflation. This is particularly high in Sweden (around 7 percent), but Sweden's good years, the strong growth period that started in 1983 and 1984, are not over.

Norway's non-Socialists promised belt-tightening before they were elected but they are changing their minds, given the strong pulse of economic activity.

Denmark's powerful investment boom has been called "a small miracle" by some international economists, and the black spot of high unemployment does not hide the fact that the country's performance in recent years has been one of the most spectacular examples of a turnaround within the OECD.

Finland's government has just released a 1986 draft budget that aims at lowering taxes and cutting back on government spending, a cure that is becoming fashionable throughout Scandinavia

(Continued on Page 9)



A welder in the Wartsilla Shipyard in Helsinki.

John Cooper from Helsinki

A SPECIAL REPORT ON NORDIC BANKING AND FINANCE

Inflation Troubles Economy Of Iceland

REYKJAVIK — The Icelandic government's inflation strategy, which last year helped cut inflation to 29 percent from 81 percent in 1983, is in deep water.

For years, the island's economy has relied on the rich harvests of the Atlantic — cod, haddock and other fish. It has enjoyed full employment, buoyant economic growth and industrial expansion. It has also suffered inflation of epidemic proportions.

By the early months of 1983, inflation was rising at an annual rate of more than 130 percent. The Icelandic currency was heaving under the burden of a series of devaluations and foreign debt was soaring.

The center-right coalition, elected into office in spring 1983, severed the wage-price compensation links that had contributed to the vicious circle of inflation in recent years.

The resulting decline in real wages brought reductions in private expenditure, and a more balanced economy in terms of controlling foreign debt and reducing the current account deficit.

The government's efforts to restore equilibrium to the economy received a serious blow by strikes last fall, which resulted in a series of inflationary wage settlements.

"Following a month-long public sector strike," the OECD wrote in a



Preparing Icelandic fish products for shipment.

recent economic report, "wage settlements were agreed which implied wage rate increases of 21 percent up to the end of 1985 and, allowing for sympathetic private sector pay rises, increases of 23 to 24 percent in overall wage rates."

In order to preserve external competitiveness, the government was again forced to resort to a devaluation of the Icelandic krona, so that the wage increases were reflected fully in higher prices, prompting the inflationary cycle to begin all over again.

According to projections by the Organization for Economic Cooperation and Development, the consumer price index is expected to jump by nearly 30 percent in 1985, a rate of acceleration the Paris-based organization ascribes to the government's failure to implement fiscal and monetary curbs needed to support its stabilization policies.

The counter-inflation policy comes against a background of falling fish production, declining real gross domestic product, but, according to economists, relatively

buoyant domestic demand despite reductions in real wage rates.

In 1984 and 1985, however, GDP was showing signs of returning to growth after successive years of decline, in part explained by improvements in the annual fish catches.

But the OECD is careful to warn: "The fishing sector, on which the country is still heavily reliant, is faced with serious structural difficulties, foreign indebtedness is very high and real interest rates have now become substantially positive; the current external balance runs a large deficit; price and wage increases have re-accelerated."

Prospects for this year and next are less gloomy, with small increases in the fish catch expected to help gross domestic product expand by 1 percent in 1985.

However, Iceland is still expected to run a sizable current account deficit, putting pressure on the government's aim of stabilizing the foreign debt/gross domestic product ratio, which is second highest after Ireland in the OECD area. —MICHAEL METCALFE



Shipyard workers in Helsinki.

Finland Achieves Fourth Year Of Steady Economic Growth

HELSINKI — Unlike its neighbors, Finland's worry has been more a case of learning how to cope with economic success than of how to achieve it.

For the fourth successive year, economic growth is proceeding at a steady annual rate of around 3 percent in real gross domestic product terms. The deficit on current account has been all but eliminated, wage and price inflation are under control and employment is growing.

"Whereas output in the two previous years was driven largely by domestic demand, the major impulse (to growth) in 1984 was provided by the real foreign balance," the Organization for Economic Cooperation and Development noted in a recent report on the Finnish economy.

This balance is more than a statistical measure of achieving equilibrium between exports and imports. It also reflects the delicate tightrope act Finland performs between East and West trade and the benefits it gains by offsetting one against the other.

"The buoyancy of Western markets (in 1984) offset a sharp decline in exports to Eastern countries," the report said. "Combined with surprisingly weak import demand and improved terms of trade, this

eliminated the current account deficit."

Exports to its giant neighbor, the Soviet Union, spun into sharp decline last year, but were compensated by an increase in exports to the United States. Britain and the Nordic countries. This cycle is expected to revert to a growth of around 14 percent in exports to East bloc countries during 1985 and a further 9 percent in 1986, forecast economists in Helsinki.

The export-driven growth helped Finland chalk up a trade surplus in 1984 for the first time in seven years and to wipe out its current account deficit.

Following unfavorable developments in early 1985, the rate of exported goods has begun to accelerate again and during the second half of this year, exports of engineering and other metal industry products are projected to grow substantially.

According to a recent economic report from the Finnish Finance Ministry, deliveries to the Soviet Union are increasing, and exports to Western markets will also continue to grow slightly this year. In year-on-year terms, exports are forecast to grow by 4 percent or 5 percent in volume terms.

"The rise in both export and import prices has slowed down, and

the terms of trade are likely to stay this year approximately unchanged. The balance of trade will remain markedly in surplus and the current account will stay in balance," forecast the Finance Ministry.

But storm clouds are on the horizon. To help counter an expected economic decline in 1987, the center-left coalition in September presented a 1986 draft budget, which includes proposals to reduce corporate taxation from a current 43 percent to 33 percent.

The government, together with the business community, has expressed concern at the low level of fixed investment, which decreased last year by close to 2 percent, but which is showing signs of slight recovery in 1985.

Increased investment outlays, boosted by the corporate taxation cuts, should help to spur employment, which this year is expected to swell by around 25,000. Since 1977, more than 150,000 new jobs have been created.

Curbing price rises remains the coalition's most important economic priority. According to the 1986 budget, the government targets inflation at 4 percent, compared with 5 percent to 6 percent in 1985.

—MICHAEL METCALFE

Stock Exchanges Evolving

(Continued From Previous Page)

become members of the Stockholm Stock Exchange.

Regulation of the stock markets in the Nordic countries has followed different paths because of different legal traditions, although they all rely on self-regulation.

The Helsinki Stock Exchange, founded in 1912, defined its legal status more clearly in 1984 and is now setting up new rules for the market. In Oslo, new securities legislation has been adopted this year. From Oct. 1, a new Swedish insider law replaced the old one from 1971, penalizing certain kinds of insider trading instead of requiring only public disclosure.

Generally speaking, the regula-

tion of the Nordic markets is closer to the British philosophy of self-regulation than to the U.S. system of legal regulation.

In the Nordic countries, especially Sweden, as in most other parts of the world, large institutions are playing an increasingly important role in the stock markets. Recent unofficial figures estimate that around 80 percent of the market value of all listed shares in Sweden is held by other listed companies, foundations, pension funds, insurance companies, mutual funds and other big institutional investors, including those from abroad.

The shareholdings of individual households are rather heavily

taxed, which is one major cause for their diminishing role.

This in turn has had important implications for trade. This year, 50 percent of the turnover of the stock market has been in transactions made outside the exchange but reported there, mostly large blocks of shares. Almost every week, important changes of ownership, including friendly or hostile takeover bids, make headlines on the business pages.

The rebirth of the stock market is thus not without challenges for the Stockholm Stock Exchange. As a general conclusion, however, we are happy to be part of a vital and important sector of a modern market economy.



A Copenhagen bank.

Danes Succeed in Reducing Spending

COPENHAGEN — After three years in office, Prime Minister Poul Schluter's non-Socialist coalition can pride itself in creating a small economic success story, which is the envy of its Nordic neighbors.

The often shaky four-party coalition has hung together long enough to stitch a pattern of high economic growth, low inflation, reduced budget deficits and increased employment.

For the third successive year, the government in 1986 plans to keep expenditure unchanged in real terms. "No other country in the OECD has succeeded in stopping the growth of public expenditure during these three years," Finance Minister Palle Simonsen said recently.

According to the 1986 draft budget presented to the Danish parliament last August, the government plans to trim the budget deficit again next year, to 26 billion kroner (\$2.7 billion) from 36 billion in 1985 and compared with 55 billion

when the present coalition took power in 1982.

The Paris-based Organization for Economic Cooperation and Development and the International Monetary Fund, both former critics of Danish economic policies, have singled out the economy's achievements in recent years without entirely ignoring its setbacks.

While praising the government's record in boosting employment by around 50,000 in the private sector during 1984 and adhering to a tough and often unpopular incomes policy, the two international organizations have warned of Denmark's deteriorating current account deficit, excessively burdened by heavy payments of debt interest.

The government has also come under fire in this area from the opposition Social Democrats who charge the administration with failing to redress the deficit, expected by Danish central bank economists to swell to over 23 billion kroner in 1985 from 17.6 billion in 1984.

Inflation has also remained a problem, though a measure of success has been achieved in bringing price rises down from over 6 percent in 1984 to levels nearer 5 percent, with the government's goal in 1986 set at 1.8 percent.

Moderating inflation and keeping public expenditure in check have come at the expense of a stringent incomes policy and a series of tough wage control measures. After a major labor market dispute disrupted the economy for two weeks last March, the government adopted a new stabilization package, the effects of which are beginning to be felt now.

Under the measures, wage increases were limited to 2 percent and 1.5 percent respectively in the two settlement years ending March 1987, and non-wage labor costs were reduced as of October 1985 by 1.5 percent of the wage bill. Moreover, corporate income tax rates were raised from 40 percent to 50 percent, and a "forced savings"

plan was introduced for higher income brackets.

These draconian measures have gone hand in hand with a major overhaul of the Danish income tax system, one of the most punitive in the world. Total taxes as a percentage of gross domestic product are officially forecast to stand at 48 percent next year, compared with 44.4 percent in 1982.

The tax measures include a reduction of marginal income taxes, offset by the higher corporation taxes and by deep cuts in the tax concessions allowed on interest income.

Whether these measures will succeed in keeping gross domestic product growth among the highest in the Western industrialized economies — it was running at 4 percent last year — and help industry to invest more to keep the economy ticking over, depends on the government's survival.

—MICHAEL METCALFE

Slowdown Begins After Period of Hectic Growth

(Continued From Previous Page)

the coalition with failing to take measures to tackle the current-account deficit, which has accelerated to reach a record 12.7 billion Danish kroner (\$1.33 billion) in the first half of 1985.

Sweden, too, is running up a sizable deficit on its current account again after the 16-percent devaluation of its currency in 1982 appeared to boost export performance sharply and helped prompt a modest current account surplus in 1984. Steady capital outflows had tipped the scales to a deficit of 15 billion kroner (\$1.88 billion) by August this year.

In Finland's case, an economic balancing act between trade with the East and West has reaped the benefit of a big trade surplus, more than offsetting a sharp decline in exports to Communist-bloc countries with the buoyancy of Western markets.

"Combined with surprisingly weak import demand and improved terms of trade, this eliminated the current account deficit," in 1984, the OECD said in its report.

Government measures to counter an economic decline expected in 1987, including cuts in corporate taxation, should help to keep the current account in modest surpluses over the next two years or more, economists in Helsinki said.

In employment and inflation, the economic track records of the five Nordic countries have proved more patchy.

The task of oiling the complex mechanisms of advanced welfare states and highly developed social benefits has often led to strains in making government finances meet and keeping inflation under control.

The public sector and social services components of each nation's budget have swollen disproportionately to the rise in industrial activity, sparking increased government borrowing abroad and domestically. This, in turn, has ignited inflationary expectations.

Norway, Sweden and Iceland have been the most affected by the pressures of inflation. Norway is in the midst of an economic boom. Private expenditure has been running at an annual rate of close to 9 percent so far this year, and industrial wages have jumped by as much as 9 percent.

Economists and central bank officials in Oslo have voiced concern

over these developments and it is generally agreed that next year will see the inflationary consequences of this year's consumer bonanza, which 1985 inflation easily outstripping this year's projected 5.5-percent increase.

In Sweden, inflation is continuing to run at an annualized rate of close to 8 percent, more than double the government's projected aim, despite efforts to curtail consumer spending and impose price and wage freezes.

Iceland has always proved the worst plagued by inflation among the Nordic nations.

The annual rate on the fishing-dependent island had fallen steeply

from more than 130 percent in early 1983 to more manageable levels around 15 percent by third-quarter 1984. But according to the OECD, inflation has clawed back to between 25 percent and 30 percent, largely brought on by a rash of inflationary wage settlements late last year.

Denmark has proved the exception among the Nordic economies, succeeding through a tight incomes and expenditure policy to push annual inflation down to below 6 percent so far this year, compared with well over 6 percent in 1984. For 1986, the aim is 1.8-percent inflation, compared with a projected 4.7 percent in 1985, the latest budget forecasts.

Unemployment has also proved a headache for most of the Nordic countries, though it is less severe than elsewhere in Europe.

In Sweden's case, the Social Democratic government has prided itself in bringing unemployment down to around 3 percent of the work force during its three years in office, whereas in Denmark, the jobless total is still running at 9 percent and with barely an amelioration in sight.

Unemployment in Norway is down to between 2 percent and 2.5 percent, while in Finland, unemployment in 1985 may also fall slightly.

Foreign Banking to Profit From Liberalization

(Continued From Previous Page)

are export-oriented and those that have subsidiaries abroad.

"In Brazil, through our affiliated bank, Banco Francisco e Brasileiro, we are well established in São Paulo, which is the second most important foreign city for Swedish industry. And in France alone, our domestic network is working with more than 100 subsidiaries of 50 Swedish groups, and in 20 other countries we have a substantial market share of the Swedish subsidiaries."

Citibank, by far the largest of the applicants, with 2,600 branches in 95 countries, has set its sights on the corporate market. "Our objective is to link up the world in terms of infrastructure, where Citibank can use its vast international network to introduce Sweden to the rest of the world."

said Bo Hammerich, who directs Citibank's operations in Sweden.

Our main clients will be Corporate Sweden AB," he said, referring to Swedish corporate borrowers.

In Paris, Guy de La Presle, director of European operations for Banque Indosuez, said that Indosuez was applying for the Swedish license with Kansallis-Osake-Pankki in an 80/20 joint venture. This would make Indosuez the only European bank with operations in the four Nordic countries.

"Sweden's attraction for us was one of geopolitical balance," Mr. de La Presle said. "We have worked with Scandinavian companies in the Far East and the Middle East, where Swedish exporters are very active. We feel that by extending our presence into Sweden, we can extend our services to both local and French companies. It makes

sense to be at both ends of the chain."

Among the Swedish banks, Post och Kreditsbanken (known as PK), the largest bank in Scandinavia in terms of deposits, welcomed the entry of the foreign banks.

"We are basically in favor of their coming into Sweden and we look upon this development as a means of increasing competition that could lead to change in the marketplace," said Christian Ragnar, executive vice president for international operations at PK.

PKBanken in its present form is 11 years old and our prime objective is to be an alternative to Sweden's other two large banks — SE Banken and Svenska Handelsbanken.

"In pursuit of this objective, and naturally to increase market share also, PK developed in many areas

as an international bank, with ties to the corporate side of banking."

Mr. Ragnar said. "This meant having to deal with the challenge of traditional relationships. I think that international banking in Sweden will accelerate this process, and the competition it creates will make for more challenging innovations in banking; business will be a question of performance rather than old relationships."

For the past three years, PK has been expanding its profile in corporate banking in anticipation of the foreign banks' entry.

"On the money-market side, there is activity in Sweden, which was not the case five years ago," Mr. Ragnar said. "PK has been responding to this activity, which has come as a result of liberalization in many areas of banking and corporate liquidity."

Sense of Optimism Tempers Upheaval in Region's Banking

(Continued From Previous Page)

even if debt-seeking companies and individuals will feel the pinch," said one banking economist in Oslo.

Proceeds resulting from security transactions in the continuing Oslo stock market boom, foreign exchange dealing and the increased earnings of subsidiaries abroad have combined to boost the profits of Norwegian banks. They felt their interest rate margins squeezed in 1984 but nonetheless turned in handsome profits, likely to be repeated this year.

Deregulation is also beginning to sweep the Finnish capital market: short-term money rates have been liberalized and the central bank has revised its two basic monetary control instruments, the regulation of average lending rates and the system of cash reserve deposits applying to banks.

These moves, while pushing up lending rates for corporate and individual borrowing, have benefited the Finnish banks, who recorded bumper earnings last year and expect another good harvest in 1985.

Moreover, the banks received another boost in the way of wider access to fresh capital sources earlier this year when the authorities sanctioned a move to allow foreign ownership in domestic banks up to a maximum of 20 percent.

"Our capital resources stand to benefit from this measure, as for the first time ever Finnish banks will be permitted to tap foreign sources of equity capital, putting our assets/equity capital ratios on a sounder footing," a senior banker in Helsinki said.

Danish banks, too, are moving to boost their capital resources at a time when 1985 earnings are expected to exceed greatly last year's levels, and now that the dust has settled on the biggest Danish banking scandal since the 1930s, the collapse last December of Kronenbank, Denmark's seventh-ranking commercial bank.

Swift action by the central bank and the largest commercial banks, which jointly bailed out the beleaguered bank after it emerged that losses resulting from bad loans substantially exceeded the bank's equity capital, limited the damage and restored the bank to an even keel.

Last August, Den Danske Bank and Privatbanken announced identical one-for-six rights issues, boosting share capital at Den Danske from 1.21 billion kroner (\$126 million) to 1.41 billion and at Privatbanken from 900 million to 1.05 billion. Danske Bank also re-

ported a 51-percent increase in first-half 1985 operating profits to 591 million kroner.

Moreover, the rigid demarcation lines hitherto characterizing Danish banking are rapidly buckling under the strain of diversification into new financial services.

Denmark's three main insurance companies are changing the shareholding composition of their corporate structure, establishing holding companies as the main shareholder, in a move to branch out into new financial areas outside the insurance sector.

In turn, the banks are offering insurance services, including such innovations as mortgage and disability-linked insurance of bank service accounts.

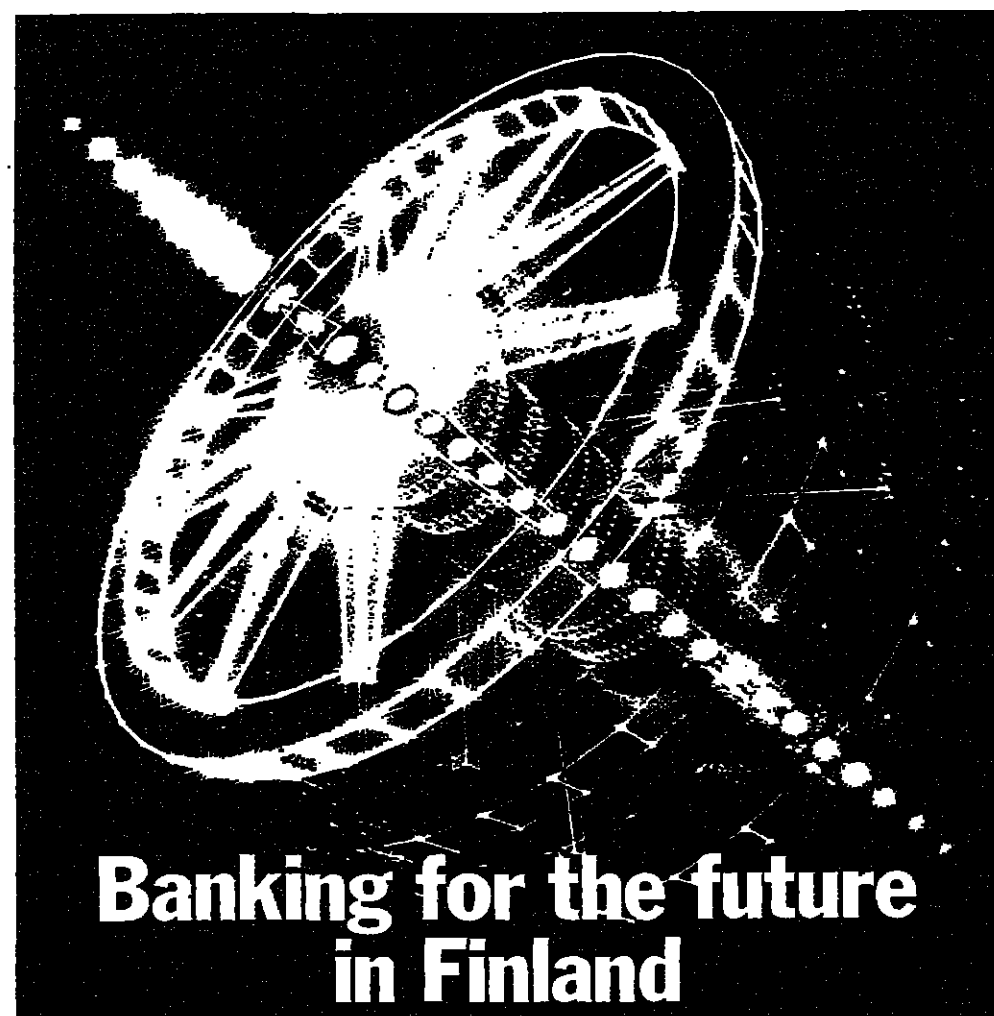
In Sweden, the rapidly-changing contours of the domestic credit market, the imminent arrival of

foreign banking heavyweights, increased automation and the tight monetary stance of the central bank have combined to alter the banking landscape radically.

Two leading regional commercial banks, Sundsvallsbanken and Uplandsbanken, are merging to form Nordbanken, which, as Sweden's fifth largest bank, will be better able to compete in the sharper atmosphere.

The growing sophistication of the domestic capital and money markets has gone hand in hand with the need for greater scope to finance the state's accelerating debt and, as a result, the central bank's credit policy has become more market-oriented.

Tight monetary control, however, has squeezed interest margins and 1985 will not prove a bonanza for Swedish banking profitability. —MICHAEL METCALFE



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Sweden Is Facing Difficult Choices For 'Third Way'

By Juris Kaza

STOCKHOLM — The narrow re-election of the Social Democratic prime minister, Olof Palme, on Sept. 15, gave a new mandate to his economic policy of the "third way," between austerity that raises unemployment and expansion that drives up inflation.

According to many observers, the path must bend more toward austerity to avoid a new crisis for Sweden's economy and the krona sometime before 1990.

"We are now at the turning point for the 'third way,'" said Lillemor Thulin, vice president and senior economist at Svenska Handelsban-

cial Responsibility Without Socialism.

All of Sweden's major banks agreed in recent forecasts that economic growth would slow considerably in 1986.

One of the blackest forecasts was made by Handelsbanken. For 1986, it predicted zero growth of exports and an increase in gross domestic product of 0.5 percent — "in other words, total stagnation of the Swedish economy," according to Mr. Thulin.

On the brighter side, Hubert Fromlet, chief economist of Sved-Bank (Sparbankerna Bank), the commercial bank owned by Sweden's savings banks, forecast that economic growth will slow to 1 percent in 1986 from an estimated 1.5 percent in 1985. A rise in exports of 3 percent, down from a forecast 3.5 percent in 1985, will sustain the slight overall growth, he maintained.

"We have a more positive view of the economic cycle in Western Europe," Mr. Fromlet said. "There is a good peak in the capital goods investment cycle and much of Sweden's exports are capital goods."

But he conceded that the 1-percent overall growth forecast "is not a good figure, it is rather poor internationally. Among 18 countries we look at, the lowest growth is for Sweden."

Slower growth is forecast for most industrial economies, so that does not worry Swedish economists as much as the continuing high rate of increase of industrial labor costs in Sweden.

"Labor costs for industry have risen in 1983-1985 at about the same rate, 8-10 percent, as we have had since the '60s," Nils Lundgren, chief economist of the state-owned PK Banken, wrote in a recent publication of the bank. "At the same time, in recent years, most important competitor nations have gotten their wage-increase rate down to 3-5 percent."

In an interview, Mr. Lundgren, who is a Social Democrat, remarked that the government was hoping that the current-account deficit, at 15 billion kronor (\$1.81 billion) as of August, would start to correct itself during the remainder of 1985, leaving policy-makers "able to concentrate on influencing collective bargaining."

He added, "We need fiscal restraint, tough measures, and we need a two-to-three-year agreement on wages. Then it might work."

Mr. Lundgren, who was recently named to Time magazine's board of economists, guessed that the government "will try something new with collective bargaining. They have something up their sleeve."



Young worker in Gothenburg, Sweden.

Industrial Prospects Remain Good Among Varying Economic Patterns

(Continued From Page 7)

even in those countries, like Sweden, most preoccupied with jobs. Iceland has reduced its inflation, and a summer agreement between employers and trade unions marks a new era in labor relations. Changes in the financial environment have led to new instruments, principally by private financing firms.

Despite the differences, Nordic industry has been performing well. The Federation of Swedish Industries said domestic demand is expected to grow by 2 percent this year and by slightly higher than that next year. Gross domestic product was calculated to grow at close to 2.2 percent, a drop from last year's 3.4 percent, mainly as the result of weaker exports. Industrial production, however, is rising between 3.5 percent and 4 percent in the major countries and the overall trade balance of the Nordic countries is expected to show a surplus of \$11 billion to \$13 billion this year and next.

In Sweden, a corporate rating list published by Affärsvärlden, a business weekly, placed Skanska, which is involved in construction, mostly overseas, at the top of 16 companies according to volume stock trading. The results of the ratings contained several surprises, not least of which was Skanska's being ahead of major industrial groups like Saab-Scania, Electrolux, Ericsson, Volvo and SKF.

"Skanska's top position reflects Swedish business and industrial environment the past 15 years," Affärsvärlden noted. "While conditions for manufacturing were not all that favorable, builders and real estate companies could earn well, and almost risk-free."

SCA, the forest industries giant, and Volvo, Scandinavia's largest industrial concern, ranked fifth and sixth, respectively, in the publication's listing. Ericsson's placing only 11th was a major surprise to some industrialists. Unlike most of the other companies in the list, the telecommunications company is in an expanding market, the report noted, but risks in its information systems sector "mean its future isn't as obviously bright as it was a few years ago."

Industrial cooperation among the Nordic nations is also on the rise, especially in the field of high technology.

According to Anders Hedberg, managing director of Computas Sweden, a subsidiary of Det Norske Veritas, of Norway, growth in Scandinavian industry, especially in technology, is closely intertwined with Nordic markets.

"Swedish industry is rather strong today," Mr. Hedberg said. "There has been a restructuring, where some of the former major industries like shipyards have been decreasing in importance, while production of electronic and consumer-oriented goods has increased rapidly."

"Nordic companies are very technology-prone, using the latest machinery like robots and advanced computer systems both for administration and in production."

As a result, the future for technological industries in computer-related companies appears promising, he said.

By emphasizing computerization in production, Scandinavian industry has managed to improve productivity and maintain costs at competitive levels in spite of high wages, Mr. Hedberg said.

"Since domestic markets in the region are small, compared to larger nations, the first foreign market for a Scandinavian exporter would be his Nordic neighbor," he said, pointing to the Veritas-Computas link as a prime example.

Hans Werthen, chairman of the board of Electrolux, appliances manufacturer, said: "Thanks to the 16-percent devaluation of 1982, when the krona was restored to a more realistic value, Swedish industry has been doing well the last three years. With our present wage-negotiating system, however, this advantage is being regularly diminished as wage increases are rather bigger than in our competing countries."

"A Socialist government needs growing industry both to solve the balance of payments problem and the budget deficit. That can only be achieved by allowing industry to be reasonably profitable. The government is also making great efforts to reduce the big increases, which is quite difficult and which requires a lot of courage since their voters are mainly wage earners. Perhaps it is fair to say that the Swedish system gives the men enough to eat but takes all the eggs, with an individual taxation that is highest in the Western world."

Mr. Werthen, who is also on the boards of several other large Swedish concerns, said that the government could make "more favorable terms for small industry, which would generate more industrial activity and further reduce employment."

More moderate wage increases could be achieved by lowering direct taxation, he said.

The current-account balance is in surplus for the Nordic region as a whole, chiefly because of the big

Norway Continues Deregulation Policies

OSLO — Norway's economy will slow down in 1986 along with the other Nordic economies, according to the latest Nordic Economic Outlook published by the Industry Federations of the five Nordic nations.

The gross national product will increase 1.8 percent in volume terms in 1986, down from a forecast rate of 2.6 percent in 1985 and 3.8 percent in 1984. Labor costs, however, will increase faster than in other industrialized countries, the report said.

Prime Minister Kaare Willoch's Conservative coalition government was re-elected in early September, which gives it a mandate for further deregulation of the economy.

The energy sector continues to dominate the economy, accounting for more than 18 percent of Norway's GNP and nearly 36 percent of exports in 1985, according to estimates by Bergen Bank.

Economists at the Nordic Industry Federations point out that this "oil dependency" remains a main characteristic of the Norwegian economy.

"The great challenge for economic as well as industrial policy is to stimulate growth in the industri-

al base of mainland Norway," the Economic Outlook said.

John Rogne, head of the economic policy section of the Norwegian Federation of Industries, said, "The main problem is the cost competitiveness of Norwegian industry. Unit labor costs will increase some 2 percentage points faster in Norway than in our main trading partners."

Keeping rises in wages high is a combination of low unemployment, below 3 percent, and a relatively high rate of inflation, at around 6 percent, he said.

Traditional Norwegian export industries, including chemicals, raw materials and metals, "are stagnant at a relatively high capacity level," according to Mr. Rogne. But the high level of mainland industrial activity is expected to ease off in 1986, with profitability during the current cyclical peak falling below previous levels.

"Profits have increased markedly from 1982, but they are still below the last top of the business cycle in 1979 in real terms," Mr. Rogne said. "For many sectors, profits are unsatisfactory due to the development of labor costs."

Despite moves by the Willoch government to deregulate Norway's capital markets, some bankers think there is still considerable room for improving the entrepreneurial climate in Norway.

"There is a need to establish new industries with growth potential," said Lars Uno Thulin, an executive vice president at Den norske Creditbank, Norway's largest commercial bank.

He said politicians, unions and businesses all agree that new growth is needed in the mainland industries, "but it is hard to get attention to this." He added, "We need to improve the tax climate for start-ups of new businesses."

Business starts may be hampered, temporarily, by the very re-



Emptying a fishing net in Norway.

forms that some businessmen have demanded. The recent lifting of controls on interest rates is expected to drive rates up on new lending, which is precisely what the government wants in the short term to slow down private consumption and imports. But at the same time, economists point out that the measure will burden Norwegian industries with relatively high interest rates on top of rising labor costs.

While the export performance of Norway's mainland industry has been satisfactory, "production in the import competing sectors, which account for 60 percent of total manufacturing production, hardly showed any growth in 1984" and the trend will continue through 1985 and beyond, according to the Economic Outlook.

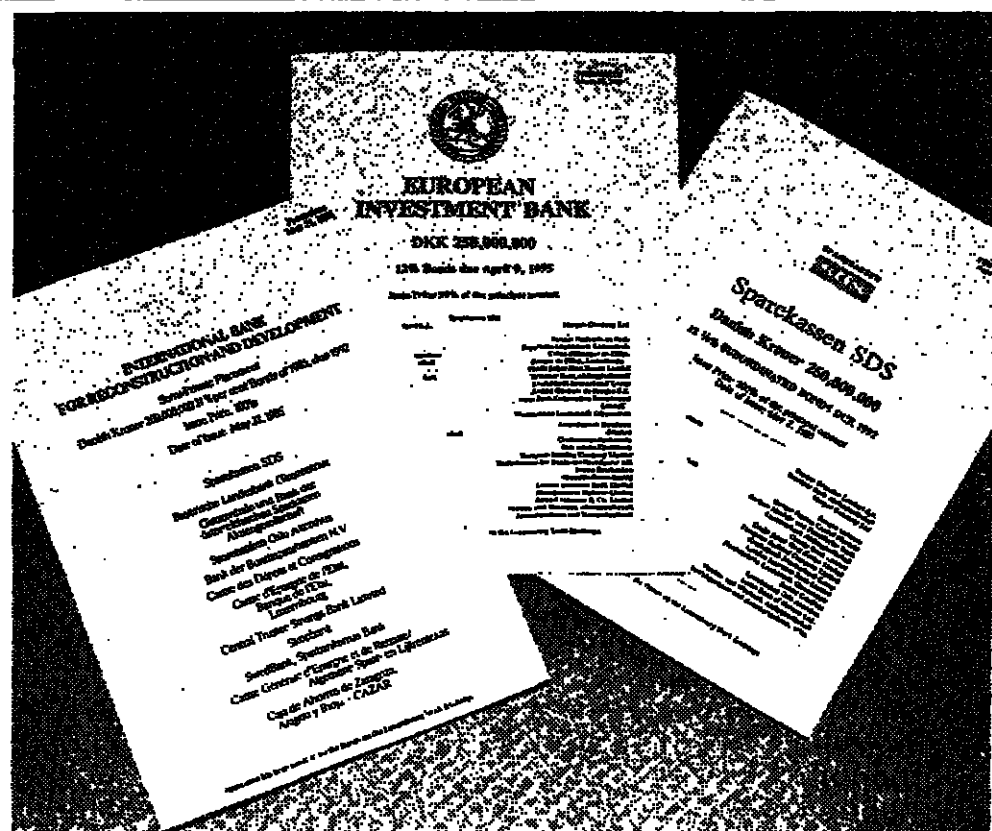
In a joint study, Norway's trade unions and the Federation of Industries agreed that mainland industries have to grow by at least 3 percent a year until 2000 to maintain balance with the energy and offshore sector.

Moreover, with lower oil prices and the dollar dropping on the foreign exchange markets, the growth of revenues from energy exports may be threatened, even if Norway's energy exports will grow by volume during the rest of the 1980s.

"All Norwegians interested in the economy are watching the oil price," Mr. Thulin said. But at the same time, the recent declaration by the Group of Five large industrial nations that they would try to drive down the high dollar may be the remedy for what Mr. Thulin worries about most, international protectionism and trade wars that could be very damaging to Norway's mainland industries.

"In reality, growth in 1986 is so dependent on factors we don't have any control over," Mr. Thulin said. "Norway is terribly dependent on trade and trade patterns. Costs aren't really the biggest challenge. In international trade, it's protectionism. When that starts accelerating, it's difficult to slow it down."

— JURIS KAZA



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A SPECIAL REPORT ON NORDIC BANKING AND FINANCE

Norway's Challenge: Offsetting Low Oil Price by Innovation

OSLO — Norway's forecasts of "short-range" declines in the price of oil must now be extended into the mid-1990s, according to the minister of petroleum and energy, Kaare Kristiansen.

Haakon Lavik, chief press spokesman for Statoil, Norway's state-owned energy company, agrees: "We think, in the long term, the real price of oil isn't going up. It will be lower even. The real price will rise slightly again in the 1990s."

Despite the price outlook and suggestions from the Organization of Petroleum Exporting Countries that worldwide oil production should be cut back, energy officials say Norway cannot adjust offshore production to react to temporary price and foreign exchange fluctuations.

The country also cannot back off from commitments to massive investments that will put even more gas and oil fields into production by the early 1990s.

"What is interesting is whether technical innovation can offset lower oil prices, especially in the North Sea," said Gar Solberg, dep-

uty manager in charge of the petroleum department at Bergen Bank. "That is one of the main challenges."

He said that for offshore companies, it meant more investment in extraction and in reducing the cost

The country cannot back off from commitments to massive investments that will put even more gas and oil fields into production by the early 1990s.

of offshore production equipment.

The petroleum minister hinted that because of the falling dollar exchange rate, he will be telling the Norwegian government that its tax revenues from offshore energy production will drop considerably in 1986.

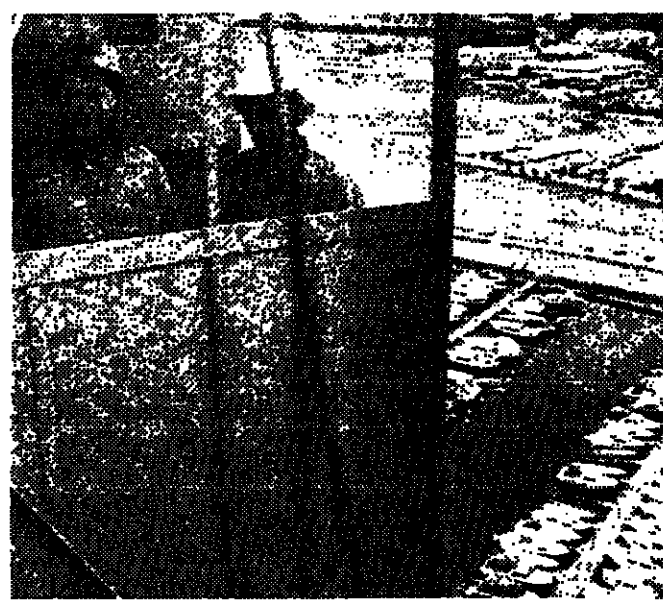
In a late September press briefing, Mr. Kristiansen said that his estimates of 1986 revenues from the North Sea could not be disclosed before Norway's budget is presented to the Storting, or parliament, on Oct. 14.

In 1985, he forecast the Norwegian government's net tax revenues from the oil and gas sector at around 35 billion kroner (\$4.45 billion), which, he said, was a decline from 1984 figures, which showed gross revenues of 38 billion kroner, were not comparable because of a change in accounting methods.

"It is quite clear that with the forecasts, we do know that the total income in 1986 won't be above this year's estimate," Mr. Kristiansen said.

Lars Uno Thulin, an executive vice president at Den norske Creditbank, Norway's largest commercial bank, commented that "an oil price of \$18 a barrel wouldn't stop production at all, and it would be felt most strongly by the Ministry of Finance."

But Mr. Thulin also cautioned that Norway's burgeoning offshore



John Capes-van Hasselt

services industry could feel the pinch of lower oil prices as operators sought to cut costs. "There could be negative consequences for the North Sea economy, for those servicing production," he said.

Mr. Kristiansen explained that any short-term production cutback was impossible because of commitments to pay off the high investments necessary to exploit offshore fields. Around 123 billion kroner has been invested in the North Sea since development began in the early 1970s.

The cost of offshore facilities also made it "impossible to increase production in the short term when the currency and price situation would indicate it," Mr. Kristiansen said. Another factor that made it hard for Norway to control its deliveries of oil to the world market was "we have no stocking facilities, we have to sell directly from the wellhead."

Norway's allocations of petroleum concessions are proceeding normally. The second part of the 10th round was to start in October and aims at allocating 10 blocks by the end of the year. Forty-two blocks will be offered in the 11th round in early 1986.

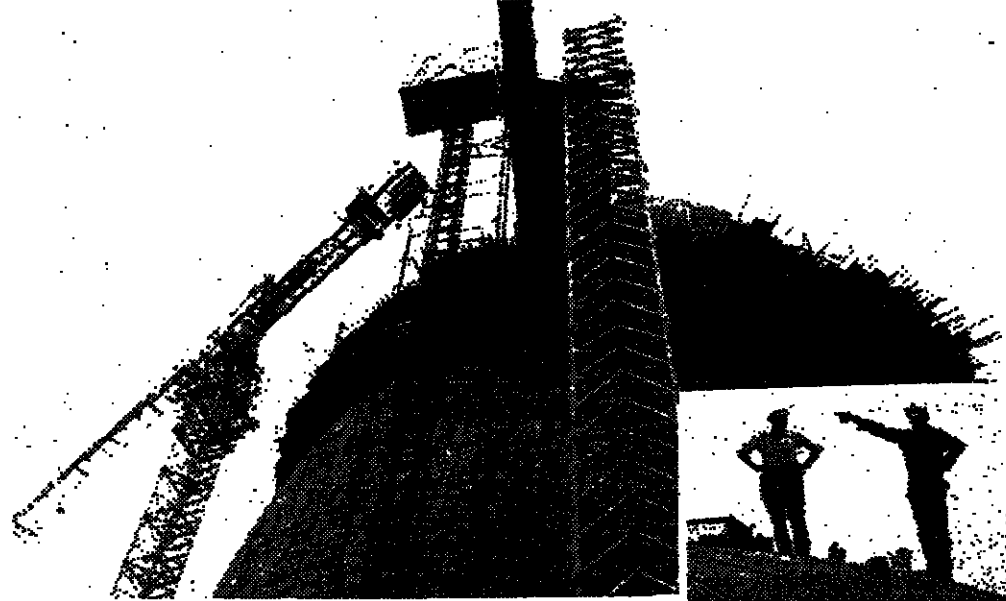
Mr. Lavik said, "Offshore production of oil in the North Sea has just come on stream, so we are just amortizing the investment." Otherwise, the companies who own the fields would go bankrupt.

Moreover, the Statoil official said, offshore investments were steered by considerations of resource management. "The way to exploit fields is decided by the geological model," Mr. Lavik said. "Statfjord is a long and narrow field so we have three platforms, 5.5 kilometers apart, to cover the whole area with horizontal drilling."

Statfjord's second, or "B," platform weighs 624,000 tons, and the "C" platform, of similar size, has just come into operation and will be amortized over a six-year period to 1991. It cost more than 11 billion kroner.

Also completed recently is the 880-kilometer (544-mile) Statpipe system to carry gas from Statfjord and other fields to the European Continent. It is due to start operating during October, carrying "rich" Statfjord gas to Karsto on the mainland, where some liquid petrochemicals will be extracted before the "dry" gas is sent on to the south.

Gas will play an increasingly important role when development of the Troll field, off Bergen, starts in the 1990s. Troll is believed to be the world's single largest offshore gas field, with more than 1.5 trillion cubic meters in recoverable reserves. It presents unprecedented technological challenges, since the bottom depth is around 350 meters (1,155 feet).



John Capes-van Hasselt

OFFSHORE TECHNOLOGY — Workers in a crane at a shipyard in Stavanger, Norway, where concrete platforms are built, left. At right, a platform under construction.

"Statfjord B, which cost around \$2 billion, wouldn't show above the water here, and platform cost rises exponentially with depth," Mr. Lavik said.

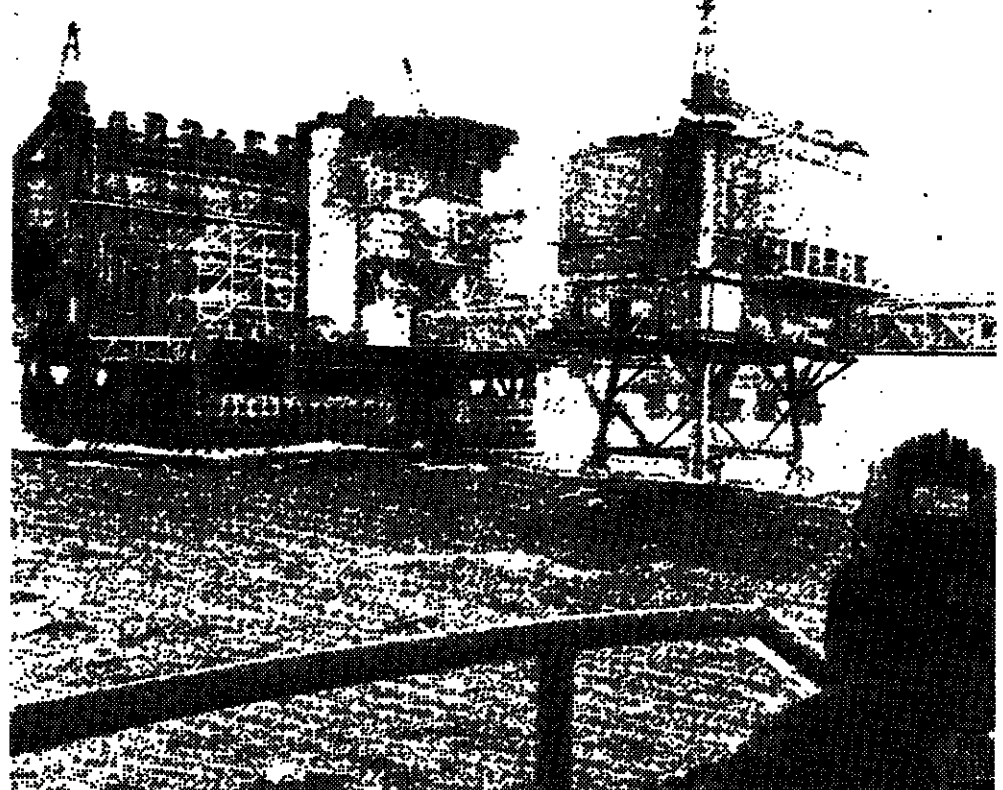
Norway suffered a setback in marketing its newer gas discoveries when the British government rejected a contract to buy gas from the Sleipner field in early 1985. Mr. Lavik explained that Statoil and Esso, the other major partner in Sleipner, were writing off their investments in Sleipner against revenues from other fields.

The British decision, he said, "was based not on the facts, but on political reasoning." Britain would need new gas by 1992, when one of its main supplies, the North Sea Frigg field, is expected to be exhausted.

Mr. Lavik said the Sleipner field, with around 213 billion cubic meters of gas, is considered too small as a supplier for the European market, but some Sleipner gas may end up there anyway. According to a Petroleum Ministry official, gas from Sleipner may be pumped into the Ekofisk field to counteract subsidence that has caused some rigs to settle by as much as 40 centimeters a year. Ekofisk gas goes to Europe.

If the settling problem continues, the official said, Ekofisk platforms would be exposed to damage from the so-called "100-year wave," a maximum probable storm wave height that must be exceeded by North Sea structures that are not designed to absorb wave impacts.

— JURIS KAZA



John Capes-van Hasselt

The Ekofisk oil field in the North Sea.

Norwegian Shipbuilders Continue to Restructure

OSLO — Over the past 10 years, the traditional maritime might of this otherwise small and thinly populated nation has taken a beating, along with much of the rest of the world's shipping industry.

Norway's merchant fleet, numbering 1,200 in 1975, has since lost about 500 ships. It had 717 ships as of July 1, down from 774 ships a year earlier.

"Tonnage under the Norwegian flag has dropped from 42.2 million tons in 1975 to around 27 million tons in 1985," according to Rolf Sæther, head of the international division of the Norwegian Shipowner's Association. Still, as of the middle of 1984, Norway ranked fifth in the world in maritime tonnage, behind Liberia, Japan, Greece and Panama, and ahead of the United States and the Soviet Union.

But despite strategic miscalculations, overcapacities, and lean years, Norwegian shipbuilders in the mid-1980s are making fair progress at modernizing and restructuring. Norwegian shipping companies have been pioneers in the area of offshore services in harsh and cold climates, and they dominate the pleasure cruise market in the Caribbean.

"Investments in offshore services have amounted to \$3 billion in rigs, and \$2 billion in vessels" since the early 1970s, according to Erik Aasmot, chief of the offshore export section of the shipowners' association. Since 1971, he said, the offshore fleet operated by Norwegian companies (some under foreign flag) has risen to 45 mobile rigs for drilling, accommodation and construction and about 260 service vessels such as tugboats, anchor handling boats, diver support and specialized vessels.

The offshore boom has been closely connected to the discovery and development of Norway's North Sea oil and gas fields during the late 1970s and efforts by the dominant state-owned energy company, Statoil, to use as much local industrial and maritime talent as possible to develop the offshore fields.

In the Caribbean pleasure cruise market, Norwegian operators dominate with about 80 percent. Of 20 cruise ships operating from Miami, nine are Norwegian. Since most passengers are Americans, "what really influences this is the economic climate in the United States," one Norwegian banker said.

In traditional merchant shipping, however, a price has been paid. There have been some bankruptcies and mergers accelerated by the wolf at the door. Other shippers have made quiet arrangements with their bankers to stay afloat — in a lending market that was dominated by foreign banks.

Norway's shippers are also asking for government help, through abolition of rules that restrict the hiring of low-cost foreign seamen on Norwegian vessels, and through

increased spending on maritime education, research and development.

The shipowners' association published a plan of action in late September asking the Norwegian government to increase spending on maritime education, research and development by 200 million kroner (\$25.39 million) and to make it easier to employ foreign seamen at lower wages on certain Norwegian flag ships.

Shipowners' association officials think the government funds would

traditional shipping industry. "There is no such thing as a high tech ship," he said. "Everything built has the latest in fuel savings devices, etc., that is available." He added that Evergreen, a Taiwan shipping company, has a modern freight liner ship with just 16 crewmen, "and they get paid for 10 months what a Norwegian makes in one month."

"The Norwegian flag now demands a Norwegian crew," Mr. Hoegh declared. "If we want to maintain ships with a Norwegian

Ms. Viste said, "You see a shift from more simple tanker and dry bulk to more sophisticated services, shore services, a total transportation package." In addition, she said, some shippers have tried to diversify, aiming at becoming conglomerates centered on shipping, rather than pure shipping companies.

At the shipowners' association, Mr. Sæther noted that "lots of Norwegian shipping companies have invested in land, in computers, aquaculture, all these new industries, and, of course, in real estate." In addition, he said, the offshore sector and increasing sophistication of certain aspects of shipping are leading to "natural links between shippers and 'on-shore' companies in engineering."

The one shift in strategy that has been profitable for Norwegian shippers while keeping them, technically, at sea, is into offshore services.

"The onshore, backup employment related to this work will increase," Mr. Sæther predicted. "There will be a higher software and consultancy proportion, as well as high tech, such as remotely operated vehicles, submarine vessels, etc."

Looking 10 years ahead, Mr. Sæther predicted that "we will experience a concentration of the Norwegian flag on capital intensive, high tech vessels and an increased use of multiflag operations. There will be an expansion of worldwide offshore activities by Norwegian companies."

— JURIS KAZA

In mid-1984, Norway ranked fifth in the world in tonnage, behind Liberia, Japan, Greece and Panama, and ahead of the United States and the Soviet Union.

be well spent after the billions that Nordic and other governments have poured into direct support and guarantees to aid ailing shipyards, resulting in ship prices that tempted shippers to compete in expanding or modernizing fleets even when there was no clear market for the new vessels.

"Profits have been drastically decreasing in the last 12 years," said Ann Viste, deputy manager in charge of the shipping department at Bergen Bank. "There has been a shipping crisis since the oil crisis."

According to Ms. Viste, Bergen Bank has been spared any serious losses on its shipping loans. "Losses on our loan portfolio generally have been 0.2 percent of assets, but in shipping, they have been 0.1 percent of assets," she said. In 1984, Bergen Bank had 2.5 billion kroner in shipping loans out of a total of 20.1 billion kroner in assets.

"We, the Norwegian banks, know the shipping market better than the foreign banks, we follow it day to day," the banker explained. She indicated that Bergen and other Norwegian banks tried to nurse along their problem shipping loans rather than write them off.

"We take a more long-term view of shipping than the foreign banks," Ms. Viste said, adding that since shipping was seen as a higher risk area than industry, "the yield is better and shipping lending is profitable."

Westly Hoegh, chairman of Leif Hoegh & Co. A/S, a Norwegian ship management company running a fleet of 47 ships, including 13 car/truck carriers and four liquefied gas tankers, said labor costs are the main issue for Norwegian shippers.

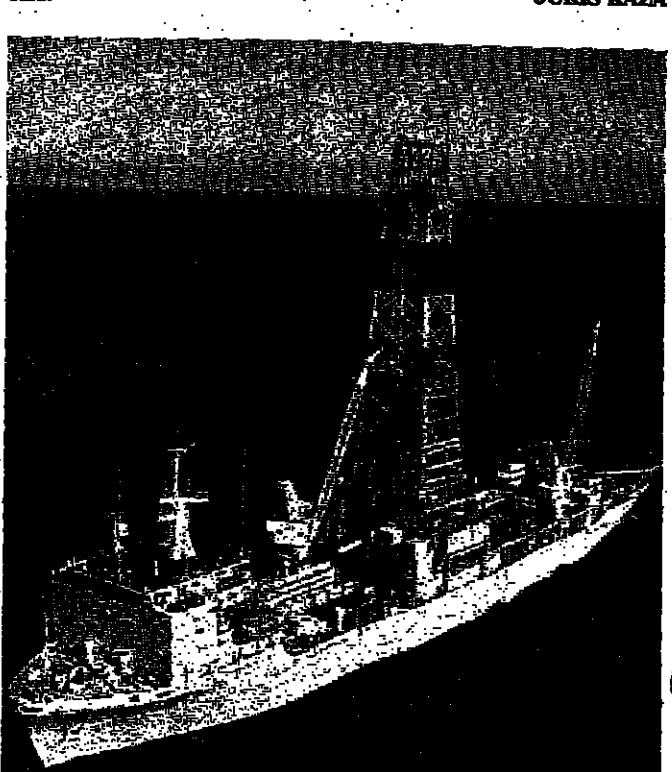
In good markets, the labor cost differential is "not that important," he said. "You can offer financing packages, service, etc. Now, it is a cost problem, and this is hard for our unions and politicians to understand. We need the flexibility to man the ships economically."

Mr. Hoegh is skeptical of "high tech" as a panacea for Norway's

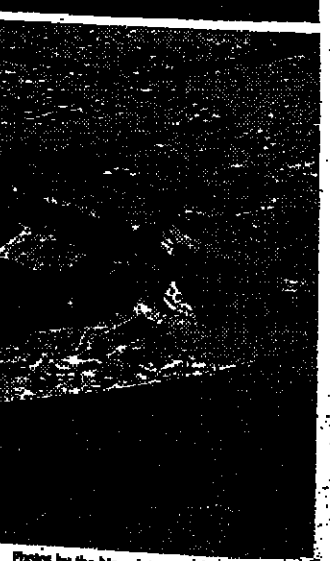
flag and a core of Norwegian officers, we should be allowed to crew with a Far East crew and at local (wage) tariffs, which are relatively well paying for those economies."

As a ship manager, Leif Hoegh & Co. does not own most of its vessels, although it operates some owned by the Hoegh family. It has run at an operating profit, but financial costs have kept the company in the red and forced Leif Hoegh & Co. to negotiate a refinancing with its banks, according to Mr. Hoegh.

The company has not diversified into "onshore" activities, but other shippers and the Hoegh family's private interests have. Family money has gone into real estate investments for several years, Mr. Hoegh said.



A Norwegian oil-drilling ship, above, and the Starward, below, a Norwegian luxury cruise ship that can accommodate 752 passengers.



Photos by the Norwegian Shipowners' Association

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SCIENCE

IN BRIEF

Lower Medical Costs for Third World

CHICAGO (AP) — Researchers and doctors at an international meeting on extraordinary medical treatment have urged the development of less expensive ways to treat diseases in nations that cannot afford artificial organs and other costly health care.

"We must improve the technology to reduce the costs of medical care, just like the advanced technology reduced the price of a computer drastically in a few years," said Dr. Eli A. Friedman, who chaired a workshop at a meeting of the International Society for Artificial Organs.

Dr. Rashad Barsoum of Egypt said the cost of transplants in some countries makes such treatment affordable to only a few. "An Egyptian went to the United States and paid \$120,000 for a kidney transplant. That \$120,000 could open three dialysis centers in Egypt," he said.

Interferon Said to Relieve Arthritis

NEW YORK (NYT) — A form of interferon has shown promise in treating the pain and inflammation of rheumatoid arthritis, according to the biotechnology company Biogen Inc.

In small-scale tests of the natural virus-fighting substance in the United States, about two-thirds of patients had less pain, less swelling of the joints and general improvement in condition, Biogen scientists reported. The patients were given gamma interferon by injection five times a week for four weeks.

In earlier studies of about 40 patients in Europe, about two-thirds showed improvement, one-quarter showed no change while the rest had a worsening of symptoms or found the drug difficult to tolerate, Biogen noted.

Speedy Flagellaless Bacteria Found

WASHINGTON (NYT) — Bacteria that swim swiftly with no visible means of locomotion have been identified in a number of marine environments, scientists from the Woods Hole Oceanographic Institution in Massachusetts have reported in the *Journal of Marine Research*.

Mobile bacteria typically are propelled by whiplike tails, or flagella, but close examination with an electron microscope showed no such appendages or any other structures that might aid in swimming on the marine bacteria, belonging to the class of organisms known as cyanobacteria or blue-green algae.

These organisms, of the genus *Synechococcus*, propel themselves at a rate of 5 to 25 microns a second. A micron is one-thirtieth of a meter. "It is difficult to imagine how a cell the size and shape of *Synechococcus* could be driven so rapidly by any means other than flagella," said the report by John B. Waterbury, Joanne M. Willey, Diana G. Franks, Frederick W. Valois and Stanley W. Watson.

Well Serves as Earthquake Monitor

SMITHSBURG, Maryland (AP) — A well in this western Maryland town reflects earthquakes around the world, probably because its water level is affected by shock waves traveling from the quakes' epicenters, scientists say.

"It is a very interesting phenomenon," said Michael Smigaj, a hydrologic technician with the U.S. Geological Survey. "Maybe somewhere down the road it might be worth something."

The water level rose just over one foot (31 centimeters), then dropped by the same amount below the well's normal level, within the 90 minutes immediately following the Mexico City quake Sept. 19, said Mr. Smigaj, and water level changes have been monitored during earthquakes even farther away.

Exhibition on Artificial Intelligence

BOSTON (UPI) — The Museum of Science here will host a national exhibition devoted to the impact of artificial intelligence and robots on society and the work place. "The Age of Intelligent Machines" will begin a three-year U.S. tour in 1987 and might later be shown overseas, museum officials said.

Roger Nichols, the museum's director, said the exhibit would include displays on robotics, machine vision, speech technology, computer-assisted instruction, natural language technology, game playing and graphics and music synthesis and composition.

Museums in Illinois, California, Ohio, Minnesota, North Carolina, Pennsylvania and Texas are collaborating with the Boston museum to organize the exhibition.

Scientists in Egypt Seek 4,600-Year-Old Air, Funerary Boat

By Judith Miller
New York Times Service

CAIRO — Egyptian and American scientists are combining space-age technology and archaeology to try to capture something potentially as precious as the rarest of Egypt's antiquities: a sample of 4,600-year-old air.

Scientists said they believed the air was trapped in a burial chamber that was also likely to house a more tangible treasure: a "solar boat" built in about 2,600 B.C. to transport the soul of the Pharaoh Cheops to heaven.

The boat would almost certainly be the sister of one discovered in 1954, 12 feet (3.6 meters) away from the current site. The first boat, a 130-foot-long wooden vessel in superb condition, was found in a chamber 25 feet from the southern face of the Great Pyramid of Giza. Its discovery is widely regarded as one of the most important finds of modern Egyptology.

Scientists are even more enthralled, however, by the prospect of capturing air almost 5,000 years old.

Dr. Omar El-Azabi, an archaeological chemist and the Egyptian coordinator of the project, said the huge limestone slabs that form the ceiling of the chamber about to be examined were believed to have been sealed with gypsum cement.

Dr. Farouk el-Baz, a Boston-based geologist of Egyptian origin, who heads the American team, said this was the first time that scientists from several disciplines and countries had agreed to work together to try to understand the demands and problems of conservation before an archaeological excavation was undertaken.

Remote Galaxy Is Discovered

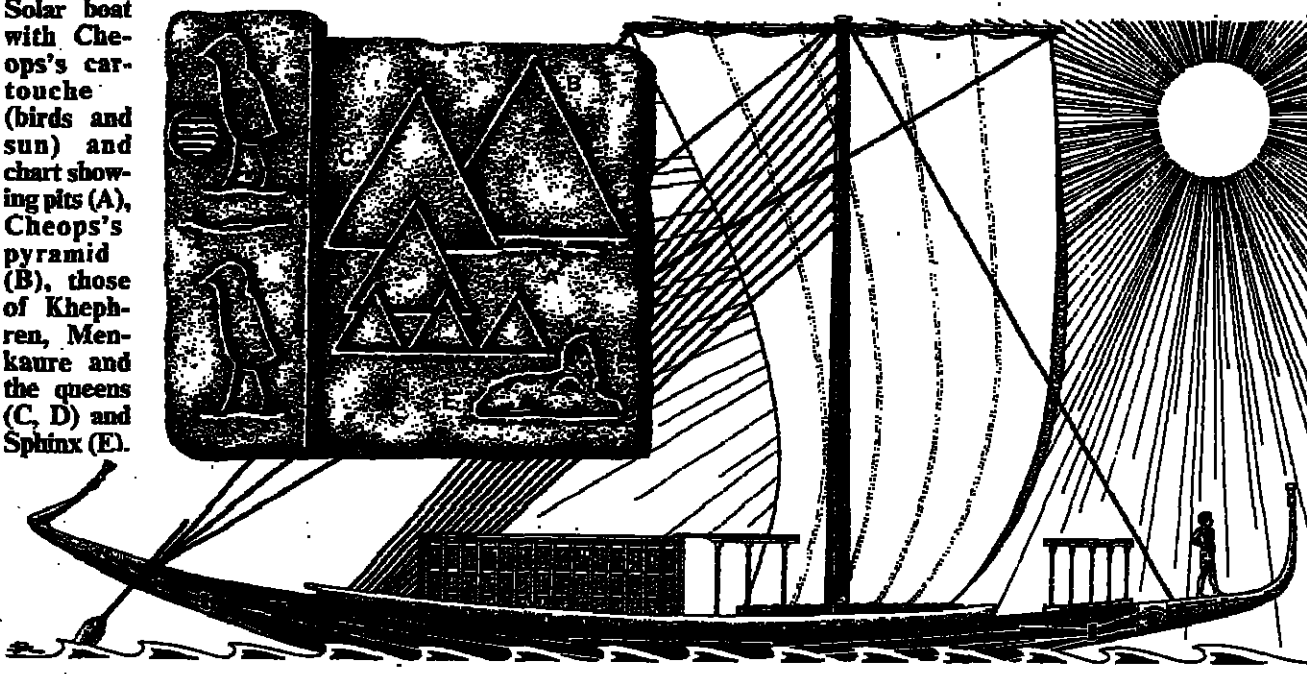
United Press International

BERKELEY, California — Astronomers at the University of California here say they have spotted the most distant galaxy ever seen, more than 14.5 billion light years away.

The researchers said the galaxy would date from relatively soon after the "big bang," the cosmic explosion that scientists believe gave birth to the universe 17 billion or 18 billion years ago.

Stanislav Djorgovski, a researcher involved in the discovery July 18, said: "With this galaxy, we are definitely getting very close to the time when 'what he called 'primordial galaxies' were formed."

Solar boat with Cheops' cartouches (birds and sun) and chart showing pits (A), Cheops' pyramid (B), those of Khephren, Menkaure and the queens (C, D) and Sphinx (E).



Del Boca/The New York Times

He said it was also the first time that the latest technology would be applied to archaeological investigations in Egypt.

Physical scientists and archaeologists said they hoped the captured air would be a boon to both disciplines. For archaeologists and museums, it might provide vital information about the environmental conditions in which organic matter can best be preserved. For physical science, Dr. Baz and Dr. Arini said, they hoped to learn about changes in the Earth's atmosphere since ancient times, if the air can be properly captured and stored.

"Even 20-year-old air is considered a prize by the National Oceanic and Atmospheric Administration," Dr. Arini said.

"NOAA has already expressed interest in participating in the analysis of air samples," said Dr. Baz, who worked for six years in the National Aeronautics and Space Administration's Apollo program.

The team hopes to use equipment designed for U.S. space missions to penetrate the chamber without introducing extraneous elements. The 96-foot-long chamber is covered by limestone slabs four to six feet thick.

Preliminary exploration of the site is scheduled to begin this week. A sample of the limestone slab from the pit nearby that was opened in 1954 is to be sent to the Massachusetts Institute of Technology to be analyzed by Professor Nafi Toksoz, a geophysicist, to determine its basic properties, such as porosity and permeability.

From this, Dr. Arini said, the

team hopes to be able to determine the thermal gradient of the stone—that is, how long it will take heat from drilling to dissipate. This will provide guidance about the kind of drill bits that should be used at various layers of stone to penetrate the cavity without altering its interior temperature or introducing outside air.

The site will then be inspected with radar and sonar to learn what the pit contains.

On Monday two engineers from California State University at Sacramento who are not associated with Dr. Baz's project began an ultrasound scan of the roof slabs to test equipment that they hope might also shed light on the chamber's contents.

After the radar and sonar scans, drilling is to begin, Dr. Baz said he

hoped to borrow a drill and bits developed by Black & Decker Co. for taking core samples from the moon. To avoid the introduction of extraneous material into the pit, no drilling fluid can be used, and the residue from the drilling will have to be sucked out continuously.

Once a hole is drilled, he said, several samples of air will be withdrawn into specially designed bottles similar to those used for NASA's space shuttle experiments.

Gases in the air are to be analyzed, and the pressure, temperature and relative humidity at various levels of the pit are to be measured by fiber-optic sensors.

"What we are particularly interested in is the amount of carbon dioxide and carbon monoxide in the air," said Dr. Baz. "This could throw some light on the controversy

over whether there is a greenhouse effect, a hot topic now." Some scientists believe the burning of fossil fuels raises the percentage of carbon dioxide in the atmosphere, leading to a gradual heating of Earth, which they believe is likely to have drastic effects on climate.

All participants in the project stressed that there was no way of knowing whether the chamber contained a solar boat. But almost all Egyptologists interviewed in Cairo said they believed it did.

Maryellen Lane, an Egyptologist with the American Research Center, noted that the unexcavated pit was almost identical to the pit that contained the first solar boat.

Mona Rahmouma, director of the Cheops Boat Museum, which houses the 12-oared boat with its perfectly preserved linen ropes and

straw mat covers, predicted that the second boat would have a sail and mast.

She said Cheops, also called Khufu, "would have had one boat built to carry his mummy upriver, that is, south in the direction of the source of the Nile. This is the boat we found, the one with the oars. But according to their religious beliefs, there should have been a second boat to carry him downriver."

Some Egyptologists maintain that the boats were used to transport the soul and its mummy up and down the Nile, literally. The original solar boat had been put in the water in ancient times, a fact that tends to support this theory.

Ahmed Kadri, director of the Egyptian Antiquities Organization, said no decision had been made about whether to excavate the second chamber.

Last Wednesday, the organization's Permanent Committee on Pharaonic Monuments unanimously approved the nondestructive exploration project formally proposed by Dr. Baz, Dr. Arini and the National Geographic Society, which is helping to finance it. The project is expected to cost about \$1 million, most of which was likely to be contributed by the team members' institutions, Dr. Baz said.

The two pits apparently escaped the ravages of weather and tomb robbers because they were covered with more than 10 feet of rubble, which was cleared away when Kam el-Malak began building a road for tourists 30 years ago.

Scientists are encouraged by Mr. Malak's account of the penetration of the first pit. Immediately after initial penetration, he recounted, he smelled "vapors, perfumes of the wood, sacred wood of the ancient religion. I could smell cedar and incense. But I was not smelling vapors. It was smelling time — history — 5,000 years."

Genetic 'Marker' Could Help Warn of Heart Disease Risk

By Harold M. Schmeck Jr.
New York Times Service

SCIENTISTS have discovered a genetic "marker" that they believe may help identify people who have a greater than normal risk of developing heart disease.

The marker is a slight but precise variation in the chemistry of one gene. It can be detected through tests of genetic material from white blood cells. The variation was discovered by scientists at California Biotechnology, a research company in Mountain View, California.

Comparison of 156 heart patients and 41 healthy adults showed that the patients were more than three times as likely to have the variation, which was found in one of the genes that control the production and distribution of

blood fats. It is unknown whether the chemical variant is a normal variation in the gene or an abnormality related to the development of atherosclerotic heart disease, which often leads to heart attacks.

The discovery could prove useful in either case, officials of the biotechnology company said. The variant, called a restriction fragment length polymorphism, was found by using special enzymes to chop up the deoxyribonucleic acid, or DNA, in cells. The pattern of the DNA fragments is detectably different in people who have the variant.

Dr. John D. Baxter, a founder of the company and a faculty member at University of California, San Francisco, said studies were in progress among 16,000 people in an attempt to confirm the initial finding.

If the finding is confirmed, the company plans to develop a blood test for the chemical variant. If presence of this variant proves to be a strong predictor of heart disease, the test could be used in childhood to warn people that they should take precautions in diet and lifestyle to minimize the risk, Dr. Baxter said.

He said many of the people in whom the variant was found did not have excessive cholesterol or other fatty materials in their blood, so conventional tests would not have identified them as having high risk of heart disease.

The research findings were reported Monday in Melbourne at an international symposium on atherosclerosis. The studies were a collaboration with doctors at University of Munster Hospital in West Germany.

NYSE Most Actives										Dow Jones Averages										NYSE Index										AMEX Diaries										NASDAQ Index										AMEX Most Actives									
Vol.	High	Low	Last	Chg.	Open	High	Low	Last	Chg.	Composite	High	Low	Last	Chg.	Advanced	Declined	Unchanged	Total Issues	New Highs	New Lows	Volume up	Volume down	Composite	Chg.	Vol.	High	Low	Last	Chg.																														
BoatCo	6285	445	444	191	214	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	BoatCo	120	119 1/4	118 3/4	118 3/4	-1/4																													
ITT Co	1590	354	354	21	114	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	ITT Co	120	119 1/4	118 3/4	118 3/4	-1/4																													
AMC	1290	314	314	191	114	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	AMC	120	119 1/4	118 3/4	118 3/4	-1/4																													
Goodyear	1290	314	314	191	114	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Goodyear	120	119 1/4	118 3/4	118 3/4	-1/4																													
BoatAM	1045	114	114	134	11	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	BoatAM	120	119 1/4	118 3/4	118 3/4	-1/4																													
BoatAM	1045	114	114	134	11	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	BoatAM	120	119 1/4	118 3/4	118 3/4	-1/4																													
BoatAM	1045	114	114	134	11	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	BoatAM	120	119 1/4	118 3/4	118 3/4	-1/4																													
Dartmouth's	1045	114	114	134	11	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Dartmouth's	120	119 1/4	118 3/4	118 3/4	-1/4																													
BoatAM	1045	114	114	134	11	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	BoatAM	120	119 1/4	118 3/4	118 3/4	-1/4																													
HCA	679	294	294	292	2	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	HCA	120	119 1/4	118 3/4	118 3/4	-1/4																													
Revere	679	294	294	292	2	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Revere	120	119 1/4	118 3/4	118 3/4	-1/4																													
Nitro	679	294	294	292	2	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Nitro	120	119 1/4	118 3/4	118 3/4	-1/4																													
Hummer	688	274	263	263	-11	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Hummer	120	119 1/4	118 3/4	118 3/4	-1/4																													
GM	688	274	263	263	-11	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	GM	120	119 1/4	118 3/4	118 3/4	-1/4																													
Adolph's	688	274	263	263	-11	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Adolph's	120	119 1/4	118 3/4	118 3/4	-1/4																													
AT&T	733	314	314	214	114	128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	AT&T	120	119 1/4	118 3/4	118 3/4	-1/4																													

Dow Jones Bond Averages										NYSE Diaries										Odd-Lot Trading in N.Y.										Standard & Poor's Index										AMEX Sales										AMEX Stock Index									
Vol.	High	Low	Last	Chg.	Open	High	Low	Last	Chg.	Composite	High	Low	Last	Chg.	Advanced	Declined	Unchanged	Total Issues	New Highs	New Lows	Volume up	Volume down	Composite	Chg.	Vol.	High	Low	Last	Chg.																														
Bonds	79.77	-0.02				128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Bonds	120	119 1/4	118 3/4	118 3/4	-1/4																													
Utilities	79.77	-0.02				128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Utilities	120	119 1/4	118 3/4	118 3/4	-1/4																													
Industrials	79.77	-0.02				128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Industrials	120	119 1/4	118 3/4	118 3/4	-1/4																													

Dow Jones Bond Averages										NYSE Diaries										Odd-Lot Trading in N.Y.										Standard & Poor's Index										AMEX Sales										AMEX Stock Index									
Vol.	High	Low	Last	Chg.	Open	High	Low	Last	Chg.	Composite	High	Low	Last	Chg.	Advanced	Declined	Unchanged	Total Issues	New Highs	New Lows	Volume up	Volume down	Composite	Chg.	Vol.	High	Low	Last	Chg.																														
Bonds	79.77	-0.02				128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Bonds	120	119 1/4	118 3/4	118 3/4	-1/4																													
Utilities	79.77	-0.02				128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Utilities	120	119 1/4	118 3/4	118 3/4	-1/4																													
Industrials	79.77	-0.02				128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Industrials	120	119 1/4	118 3/4	118 3/4	-1/4																													

Dow Jones Bond Averages										NYSE Diaries										Odd-Lot Trading in N.Y.										Standard & Poor's Index										AMEX Sales										AMEX Stock Index									
Vol.	High	Low	Last	Chg.	Open	High	Low	Last	Chg.	Composite	High	Low	Last	Chg.	Advanced	Declined	Unchanged	Total Issues	New Highs	New Lows	Volume up	Volume down	Composite	Chg.	Vol.	High	Low	Last	Chg.																														
Bonds	79.77	-0.02				128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Bonds	120	119 1/4	118 3/4	118 3/4	-1/4																													
Utilities	79.77	-0.02				128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Utilities	120	119 1/4	118 3/4	118 3/4	-1/4																													
Industrials	79.77	-0.02				128 1/4	128 1/4	128 1/4	128 1/4	+1/4	104 1/4	104 1/4	104 1/4	104 1/4	245	244	244	244	10	31	3,840	1,971,105	2,840	+1/4	Industrials	120	119 1/4	118 3/4	118 3/4	-1/4																													

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued from Page 11)

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ADVERTISEMENT
INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) Oct. 9, 1985

Net asset value quotations are supplied by the Funds listed with the exception of those quoted based on market prices.

[illegible]

**ELECTRICITE DE
FRANCE
\$US 100.000.000
9 5/8 % DUE APRIL
15, 1986**

We inform the bondholders that in accordance with the terms and conditions of the notes, Electricité de France has elected to redeem all of its outstanding notes on November 15, 1985 at 100 %

Interest on the said notes will cease to accrue on November 15, 1985. The interest accrued since April 15, 1985 amounts to \$US 56,15 per note of \$US 1000 nominal.

Redemption price per note of
\$US 1000 nominal: \$US 1.056,15
The notes will be reimbursed,
coupons nr 7 due April 15, 1986
attached according to the terms and
conditions of the notes.

**THE PRINCIPAL
PAYING AGENT
SOCIETE GENERALE
ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG**

(Continued on Page 14)

BUSINESS ROUNDUP

Alfa Laval AB Earnings Rose 21% in 8 Months

By Juris Kaza
International Herald Tribune

STOCKHOLM — Alfa Laval AB, the Swedish maker of food-processing and agricultural equipment, said Wednesday that pre-tax earnings in the eight months ended Aug. 31 rose 21 percent from a year earlier, to 376 million kronor (\$47.2 million) from 312 million kronor.

Nippon Planning U.S. Oil Venture

Reuters

TOKYO — Nippon Oil Co. said Wednesday that it plans to explore for oil in the United States with financial backing from Japan National Oil Corp.

Nippon's president, Yasuaki Takeuchi, said his company and other Japanese firms that he did not name plan to drill in five U.S. fields owned by Texaco Inc. Under terms of the accord, which has not yet been completed, any production would be turned over to Texaco in exchange for oil from non-U.S. sources.

According to Japanese press reports, the partners will spend \$100 million over three years to set up three exploration companies in the United States. Seventy percent would be loaned by JNOC, the report said.

flows rose 19 percent from a year earlier, to 6.8 billion kronor.

Alfa's president, Harry Faulkner, said the interim results confirmed earlier forecasts of a significant improvement in earnings for all of 1985. The interim report said profitability would improve even more during the last four months of the year.

An analyst at a major Stockholm brokerage said the eight-month results were in line with market expectations, although somewhat below his own forecast.

"I expected earnings of about 400 million kronor," he said, "but it's going in the right direction. I think they can match my earlier forecast of 600 million kronor for the whole year."

Alfa reported earnings of 416 million kronor in 1984, down 48 percent from the year before. It attributed the sharp decline to losses on its large-scale, turnkey contracting business and a weak market for products serving agriculture, mainly cooling tanks, separators and other equipment for dairy farms.

Sales of the industrial group, Alfa's largest, increased 18 percent, to 3.4 billion kronor, while order bookings were up 31 percent, to 4.2 billion kronor, the company said.

It said that orders for the agricultural group were practically unchanged at 1.5 billion kronor, while sales dropped 8 percent, to 1.4 billion kronor.

VW to Introduce Inexpensive New Car in U.S.

Reuters

WASHINGTON — Volkswagen of America announced it will introduce a inexpensive new car built in Brazil to the U.S. market in late 1986.

Noel Phillips, Volkswagen of America president, described the car as an "entry" model, less expensive than the company's present lowest-priced car, the Golf, which sells for \$6,900.

He said the car would be made at existing VW facilities in Brazil and would be priced "well below" the Golf sedan, although it would not be the cheapest car in its small-car class.

Another VW official said the new model would be sold in the United States as a first car for many people with the hope that they would later move up to more expensive Volkswagen models. He predicted that the company would sell 250,000 cars in the United States next year, including both production at its Westmoreland, Pennsylvania, factory and vehicles imported from West Germany. He said 1985 sales are expected to be 225,000 units, up by 27 percent over the previous year.

Total Parent Net Rose 107% in Half

Reuters

PARIS — Cie. Francaise des Petroles-Total said Wednesday that parent company net profit more than doubled to 1.04 billion francs (\$129 million) in the first half of 1985.

The parent company posted profit of 502 million francs in the first half of fiscal 1984. The French government, with 35 percent, is the principal shareholder of the oil, gas, energy and chemicals group.

Sources at Total said that the company expects its first-half group net profit to be slightly higher than that of the parent company, despite heavy refining losses.

Levi Strauss Says Net Rose 60% in 3d Period

The Associated Press

SAN FRANCISCO — Levi Strauss & Co. said that its earnings for the 1985 third quarter increased 60 percent, after taxes, reflecting gains in sales of jeans and other products.

The company released figures Tuesday showing net income of \$35.9 million on sales of \$770.9 million. Levi Strauss & Co. is no longer a publicly held company, having been acquired by members of the founding family in August. The latest results compare with third quarter 1984 after-tax earnings of \$22.5 million and sales of \$718.8 million.

The group results, due out in about a month, would then be close to last year's first-half group profit of 1.24 billion francs.

The sources said that they expected the first-half consolidated figures to show group cash flow at about 4.7 billion francs, up strongly from 4.1 billion in the like period in 1984.

The parent company figures do not include losses incurred by its Cie. Francaise de Raffinage refining subsidiary.

It said that the relative stability of crude oil prices in the first half of 1985 influenced results.

CFR, 67.6-percent owned by Total, reported a first-half parent company net loss of 749.37 million francs, up sharply from a 494.43 million loss a year earlier.

Total said that the movements on foreign exchange markets and uncertainties concerning international oil markets make it impossible to extrapolate second-half 1985 results from the first-half figures.

Firm Plans Holiday Closing

Reuters

SUNNYVALE, California — Advanced Micro Devices Inc. said Wednesday that it plans to close its facilities in the United States for two weeks during the Christmas-New Year holidays as a result of the severe recession in the semiconductor industry.

NEW YORK — Manufacturers Hanover Corp., the fourth-largest U.S. bank, has said that it would lower its interest rate on credit cards and other revolving credit products to 17.8 percent from 19.8 percent. It was the first such reduction by a major American bank in four years.

Manufacturers said Tuesday that the action was intended to attract customers from other banks. However, it also was seen in the industry as a means of heading off pressure for lower rates from consumer groups and the U.S. Congress, where some members have complained about the gap between the interest rates charged on credit-card balances and the cost of money to banks.

Manufacturers said its interest rate changes would take effect with the November billing cycle. Other major New York banks, including Citibank, Chemical Bank and Chase Manhattan Bank, said that they were studying the situation. But in California, BankAmerica Corp. and Wells Fargo & Co. said that they would not lower their rates.

COMPANY NOTES

Abbott Laboratories of North Chicago, Illinois, reported 1984 earnings of \$402.6 million, or \$3.34 a share, on sales of \$3.10 billion. The health care products concern said that earnings rose 16.7 percent to \$106.7 million in the third quarter of 1985.

Adolph Coors Co. said it expects third-quarter, per-share earnings to fall to 45 or 50 cents from 58 cents posted in the like period of 1984. Jeffrey Coors, president of the Colorado-based brewing company, said that net income had declined because of a "significant increase in the company's tax rate."

British Steel Corp. has been given permission by the European Community's executive commission to buy the steel coils business of Alphassteel Ltd. of Britain. Financial terms of the transaction were not disclosed.

Genex Corp. of Rockville, Maryland, said it has filed suit in federal court against G.D. Searle & Co. Genex alleges Searle fraudulently induced it to increase production of a raw material of Searle's sweetener aspartame. Searle is ending purchases of the material from Genex this month.

Medtronic Inc. of Minneapolis said it plans to introduce in the United States a heart pacemaker that adjusts to the activity level of the wearer. A spokesman said the product already is sold in Canada, Japan, Australia and five European countries.

Nakajima All Co. of Japan has had a 28-percent duty imposed on its electronic typewriters by the European Community. The community said that Nakajima was selling the machines in Europe for less than the cost of production.

Nippon Steel Corp., Nippon Kōkan Co., Sumitomo Metal Industries Ltd. and Kawasaki Steel Corp., all of Japan, Mannesmann AG of West Germany and Nuova Italsider SpA of Italy, are bidding for a steel-pipe order to supply Iran's planned pipelines, according to Japanese steel industry sources.

Nova Pharmaceutical Corp. of New York said its new drug NPC-168 has demonstrated effectiveness for appetite control in tests in animals. The company said it does not appear to be a stimulant and is unlikely to "have addiction potential."

Pancontinental Mining Ltd. said it placed 12.7 million shares at 1.90 Australian dollars (\$1.33) each with institutions to raise 24.13 million dollars for working capital. The placement price compares with Wednesday's market price of 1.95 dollars per share.

Renault, France's state-owned auto company, said it has finalized a 470-million-franc (\$58.25-million) contract to modernize the Moskvich auto plant near Moscow. Renault said the contract was for the supply of robotized welding and assembly lines.

Sum Co. said it had agreed in principle to sell several oil fields in west Texas for about \$825 million and was evaluating an additional \$25 million in offers for other properties. Transactions it estimated would generate \$190 million in after-tax gains in the fourth quarter.

Pfizer Still Seeking Mergers

(Continued from Page 13)

proved by the Richardson-Vicks bid, which he expected to be accepted. "For the first time we've shown we're willing to consider one that big," he said.

Analysts suggest that Pfizer's new-found appetite for a big acquisition might be due, at least in part, to the company's product cycle. They say Pfizer's three biggest proprietary drugs are Procardia, an anti-angina drug; Feldene, which is used in treating arthritis; and Cefobid, an antibiotic, and each has run into increased competition.

Mr. Nordmann said Pfizer now finds itself in need of products to fill a void that could last several years until some of its new drugs go on the market.

Pfizer reportedly has about 40 drugs now in advanced clinical trials. Sorbini, a drug for complications of diabetes, is considered one of the more promising. "They have to get through a period of time when current drug competition is intensifying," Mr. Nordmann said. "One of the ways to grow is via the acquisition route."

Rumors have persisted for months that Pfizer has its eye on Rorer Group, a Fort Washington, Pennsylvania, company whose chief product is the Maalox line of antacids. Pfizer already sells over-the-counter medicines such as Ben-Gay, Visine, Uniaom and Desitin.

But Rorer also makes medical implant products, a business that is

in direct competition with Pfizer and would probably create major antitrust problems. On Tuesday Pfizer, for the first time, publicly denied any interest in Rorer.

Pfizer aims for annual profit growth of 15 percent, and it has usually been on target.

Although earnings may fall short of that goal this year, the cheaper dollar could aid earnings in 1986 since about two-thirds of all Pfizer employees are outside the United States. "Pfizer is one of the primary beneficiaries of a weaker dollar," according to Ronald Stern of the First Boston Corp.

But the benefit of a depreciated dollar will not be felt until 1986. This year, analysts feel the company will have good earnings growth, although not quite as high as 15 percent.

Michael Martorelli, who follows Pfizer for the Philadelphia firm of Jamney Montgomery Scott, predicts that the company will earn about \$3.45 a share this year, compared with 1984's \$3.08 a share.

Ghana Devalues Currency

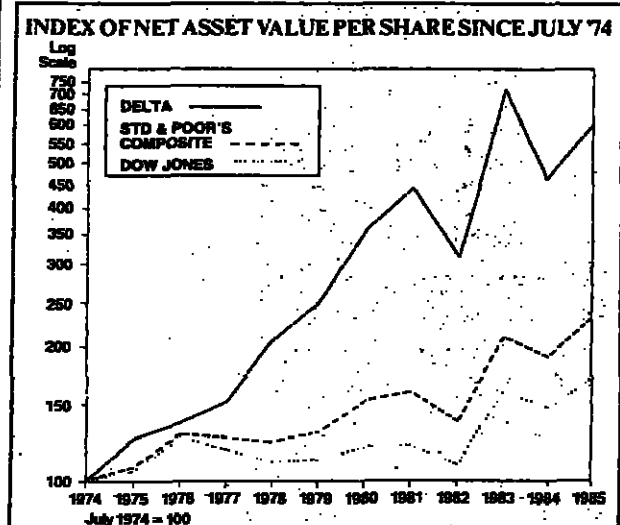
Reuters

ACCRA, Ghana — The Bank of Ghana has announced a 5-percent devaluation of the cedi, the national currency, setting an exchange rate of 60 cedis for one U.S. dollar. The devaluation Tuesday was the latest in a series since October 1983 under pressure from the International Monetary Fund.

Delta Investment Company Limited

(Incorporated under the laws of the Bahama Islands as a company limited by guarantee).

An open-ended Investment Trust listed on the London Stock Exchange



Extracts from the Statement by the Chairman
During the year under review your Company has achieved a satisfactory performance, as reflected in a rise of 32% in the net asset value per share. This appreciation, as well as the long term growth, is compared below with the major indices.

	Growth since 30.7.74	31.7.84
Net asset value per share	+501%	+32%
Dow Jones Industrial Index	+76%	+21%
Standard & Poor's Composite Index	+136%	+26%

During the last few months the Federal Reserve has been injecting liquidity into the banking system. This development, together with the fall of the U.S. dollar, is expected to stimulate the American economy in the near future. Continued economic growth and the decline in interest rates and in the dollar should allow for a substantial rise in corporate profits particularly as year-on-year comparisons are becoming much easier.

Your Company will maintain its concentration in medium and smaller sized companies believing current valuations of these stocks are attractive both in actual terms and as compared to larger companies.

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SPORTS

Blue Jays Beat Royals, 6-1

By John Feinstein
Washington Post Service

TORONTO—Frank White, the second baseman for the Kansas City Royals, is one of baseball's most enigmatic players, friendly to strangers, always easy to talk to.

Tuesday night, after the Royals had been embarrassed 6-1, by the Toronto Blue Jays in Game 1 of the American League's championship series, White was practically snoring as he stalked to the shower.

"Ain't nothing to say about it," he said. "He pitched good, we didn't. They played good, we didn't. They won, we lost. Nothing else to say."

For the Blue Jays, the script could not have been written better. On a balmy night in Exhibition Stadium, with 39,115 (including Prime Minister Brian Mulroney) rocking with delight from the start, Toronto blew the Royals away to take a 1-0 lead in this best-of-seven series. Game 2 was to be played here Wednesday.

"People thought we might be tight because this was our first playoff," said center fielder Lloyd Moseby. "But after the Yankees series last week, this didn't feel like very much pressure at all."

If anybody played at there was pressure, it was pitcher Charlie Leibrandt. Starting pitcher Charlie Leibrandt was shelled, failing to get a batter out in the third inning. By the time he left, Leibrandt had given up seven hits and five runs and had retired only six of 16 batters.

"When you aren't pitching well, people are going to get a lot of hits off you," Leibrandt said. "I pitched poorly, that's all there is to it."

Leibrandt's performance was the reverse of that of his counterpart, winner Dave Stieb. Stieb and Leibrandt finished 1-2 in the league in earned-run average this season and, since the Blue Jays are supposed to have trouble with left-handers (they were 24-26 against them in 1985), it was supposed to be a tight pitcher's duel.

Instead, it was a laugher. Stieb

BASEBALL PLAYOFFS

was overpowering, striking out eight men and retiring 12 in a row from the fourth inning to the eighth. He left after eight innings of three-hit ball because Manager Bobby Cox wanted to rest him so he can come back on three days' rest for Game 4 Saturday.

"Having the runs early helped a lot," said Stieb, whose 1985 record was just 14-13 mainly because his team often didn't score for him. "All my pitches were working. I had good control of the fastball, the slider was breaking well, the curve was going where I wanted and I had control of the changeup."

When Stieb is getting all four pitches over there are few teams that can hit them, especially one with a .252 batting average. Only George Brett, with a single and a double, had any luck against him.

"He pitched a Dave Stieb game," Brett said. "He'd throw that slider for the first two pitches and it'd break about two inches. Then he'd throw a curveball and it'd break two feet. He was tough."

Leibrandt wasn't. He had been 3-0 lifetime against the Blue Jays but, after a routine first inning he began sinking.

Jesse Barfield started the trouble with a second-inning single to center. Leibrandt then hit Cecil Upshaw, evidence that his normally superb control was off. Garth long followed with a routine pop to left field; Lonnie Smith dropped the ball. Although Smith was able to force Barfield at third, the play was an indication of the fog in which the Royals were playing.

Ernie Whit playing, scoring Upshaw, and Tony Fernandez followed with a hit to deep short that scored long, making it 2-0. Leibrandt got out of further trouble, but didn't get an out in the third.

Cliff Johnson, who many of the Blue Jays think is the key to crack-

ing Kansas City's left-handed pitching, led off with a double to right-center. Barfield walked and Upshaw singled to lead the bases. That was all for Leibrandt. Steve Fari came on and gave up an RBI single to Rance Mullins — the left-handed half of Toronto's third-base platoon — and then walked White, forcing in a run. Fernandez's sacrifice fly made it 5-0.

That was more than enough for Stieb, especially since the Royals had not scored a five-run lead all season. Nonetheless, Toronto scored a run in the fourth that was a microcosm of the entire evening. George Bell led off with a single. He was running with the pitch as Johnson grounded to short. By the time first baseman Steve Balboni got the ball in his glove, Bell was rounding second, head down, intent on taking third.

Shocked, Balboni double-clutched as Brett scrambled toward the bag. Balboni threw the ball at least 20 feet over Brett's head. Brett scored easily and Mulroney decided to go for a walk through the stands.

After that, it was Stieb's show, until Cox decided 101 pitches was enough and brought Tom Henke in to pitch the ninth. It was Henke who allowed Brett's third hit and the only Kansas City run.

"If it was still best-of-five, this loss would mean more," said the Royals' Cliff Johnson, who is 0-10 as a postseason manager. And Kansas City has lost nine straight in postseason competition — the final two games of the 1980 World Series to Philadelphia, followed by three-game sweeps in the 1981 and 1984 playoffs, and now Tuesday night's defeat.

Before the series, Brett had said that a quick start for the expected Royals might rattle the inexperienced Blue Jays. But, said center fielder Willie Wilson, "The idea of jumping on them went right out the window tonight. We'd better roll with it and come right back."



Kansas City's George Brett, wincing at a called third strike in the sixth inning of Game 1.

Oilers Seem Geared to Repeat

By Robert Facher
Washington Post Service

WASHINGTON — When the National Hockey League opens its 69th season Thursday, one-third of the 21 teams will have new faces behind the bench.

In addition to the wholesale coaching turnover, there has been player shuffle as well. Gone are such familiar figures as Brad Park, Darryl Stiller, Terry O'Reilly, Anders Hedberg, Mike Milbury and Steve Shutt. Wearing their uniforms are a flood of touted rookies, including an unprecedented number of European players with potential to great teams come to avoid trades and await development.

With all the change, however, there is one constant: The Edmonton Oilers once again figure to drink from the Stanley Cup. The challengers managed to pass a new rule limiting the four-on-four situations in which the swift Oilers excel, but it would take a handicap setup like golf's to bring Wayne Gretzky & Co. back to the pack.

Tight races are likely in three of the four divisions. The Smythe could be close, too, if the Oilers treat the 80-game regular season as the playoff warmup it has become for many of the better franchises.

A rundown of each race, with predicted order of finish (teams' 1984-85 points in parentheses):

PATRICK DIVISION
Washington (101) — Don't be fooled by the mediocre exhibition-season showing. A healthy Bengt Gustafsson at center should provide a big boost, and rookie defenseman Kevin Hatcher looks like a good one. Still needed: a left wing who can score consistently.

New York Islanders (86) — This is a rebuilding year with a lot of question marks. Can Kelly Hrudey blossom into a first-class goaltender? Can Denis Potvin and Ken Morrow lead young defensemen to a higher level of play? Will Pat Flatley and Pat LaFontaine achieve the stardom predicted for them after the 1984 Olympics? Because of last season's slump, Coach Al Arbour is expected to emphasize the regular season for a change.

Philadelphia (113) — A thin defense took the Flyers a long way last year. It's not likely to happen again. Brad Marsh will be hampered by the official emphasis on penalizing stick grabbers, and goalie Pelle Lindbergh will have a tough time repeating last season's success. The Flyers have tough, tena-

NHL PREVIEW

acious forwards, and Mike Keenan is a well prepared, competent coach. But this time they'll catch nobody by surprise.

New York Rangers (62) — Ted Sator takes over a team that was riddled by injuries last season. Although there have been few personnel changes, merely good health for players like Don Maloney and Barry Beck would lift New York. Rookie defenseman Terry Carkner, and Finnish center Raimo Helminen are promising new faces. In preseason play the Rangers proved they're ready to get physical.

Pittsburgh (53) — Mario Lemieux is a year older and rookie Craig Simpson will anchor another line. Possibly the key newcomer is goaltender Gilles Meloche; if he can make the big saves, the Penguins will score enough to win on a regular basis.

New Jersey (54) — Defenseman Craig Wolanin is a youngster of considerable potential. Promising goalie Kirk Muller is maturing, but the NHL's older statesman, the Devils don't figure to play much, but they are improved enough to anticipate that no Patrick team will hit 100 points.

ADAMS DIVISION
Montreal (94) — The Canadiens have the most talent in the division and young players make it a team of the future. Swedish right wing Kjell Dahlén, goaltender Patrick Roy and center Stephane Richer could make a quick impact. The big question is the coach, Jean Perron, who will try to fill the shoes of the departed Jacques Lemaire.

Buffalo (90) — Rookie Coach Jim Schoenfeld replaces a legend, Scotty Bowman, who will be looking over his shoulder from the general manager's perch. Bowman had no patience with young players, so Schoenfeld could help such youngsters as Swedish center Mikael Andersson. The weakness is defense, where Schoenfeld, Jerry Korab and Dave Maloney will be missing.

Quebec (91) — Defense is a problem here, too, although youngsters like Randy Moller and Gilbert Delorme may have acquired enough experience for a big jump forward. Mario Gosselin provides solid goaltending and right wing John Anderson was an important addition. A possible drawback is the club's penchant for dissension: Mario Marois and Michel Goulet spent the summer groaning.

Toronto (48) — If youngsters like Russ Courtnall, Gary Leeman and Wendell Clark can steer clear of the turmoil that annually grips the club, the Leafs could be more competitive. The defense is suspect and Borje Salming, 34, cannot be expected to cover up his teammates' mistakes forever. Don Edwards is the man on the spot in the net.

SMYTHE DIVISION
Edmonton (109) — Finnish winger Esa Tikkanen and Craig MacTavish, the former Bruin, figure to make a great team a tad better. Only complacency has a chance to beat the Oilers.

Calgary (94) — Injuries have been a problem for the Flames, who will miss Nilsson's 37 goals. His departure should make for a closer-knit team, however. There is enough talent to regain second place.

Winnipeg (96) — Goaltending is the major question, with Brian Hayward and Marc Behrend in the league's lower echelon. But there is plenty of offense. Dale Hawerchuk being close to superstar status, and toughness is no problem.

Los Angeles (82) — The Kings moved ahead last year when Coach Pat Quinn instilled some discipline, but they lack the talent to challenge the division's top three. Scorer Marcel Dionne is 34; the defense is solid, the goaltending questionable.

Vancouver (59) — Toronto West figures to improve under the new coach, Tom Watt. The defense is young, the forwards small and the prospects dim in a difficult division. This will be a rebuilding season, and a playoff berth would be a bonus.

1986 Tour de France Will Put Premium on Climbing Ability

Compiled by Our Staff From Dispatches

PARIS — Organizers of the Tour de France, the world's most prestigious bicycle race, have announced a 1986 route with heavy emphasis on mountain climbs.

The 23-stage, 4,000-kilometer (2,485-mile) course, unveiled Tuesday, features some of the most rigorous mountain stages seen in recent years, and Irish cyclist Stephen Roche said it "seems made to measure for the Colombians," who are noted for their climbing skills.

Frenchman Bernard Hinault, a five-time winner, agreed that "the route is favorable to the climbers," but he added that "there is everything there for a great tour."

The 73rd tour, starting and finishing in Paris, will run from July 4 to 27. In contrast to this year's race, it will put competitors through the Pyrenees before the Alps. There

will be 23 daily stages; four will end at the tops of major climbs — at Superbagneres, Col du Granon, L'Alpe d'Huez and Puy de Dôme.

The single toughest stage shapes up as the 18th, on July 21, which includes the Alpine cols du Lautaret, Galibier, Telegraphe and Croix de Fer, with the finish at L'Alpe d'Huez. The event's one rest day will come after the Alpine stages and before the riders tackle the Massif Central.

Felix Levitan, who helped plan the course, said the tough mountain stages were a "real provocation aimed at wait-and-see competitors in the pack."

The organizers are expecting between 20 and 22 teams, including national amateur groups, and may cut squads to a maximum of nine riders each. At least two groups of Colombian professionals are expected to compete. (AP, UPI)

Drive-In Wagers? You Can Bet on It

The Associated Press

LAS VEGAS — At a drive-in window here, motorists can order the Steelers minus six points or three of their favorite football teams for a quick parlay.

Following the trend of banks and fast-food outlets, Sam's Town casino has opened a drive-in window for its sports book, where bettors can drive up and plunk down money.

The experiment has proved so successful that the resort no longer advertises the window, which is especially popular on football weekends when a dozen or more cars might wait in line to place bets.

"It's just like a McDonald's where you drive up and look at what you want to order on a menu," said Frank Taoneasa, who manages the sports book. "Except on our menu you look up point spreads."

Taoneasa said the experiment began earlier this year after some bettors complained about a lack of parking space and of having to fight through the crowded casino to place bets.

"This way we get people on their lunch breaks or coming home from work," he said.

Bettors can wager from \$5 to \$5,000 on any games listed and can also bet any of the parlay cards or specials available.

A "menu" in the drive-up lane lists the latest odds or point spreads; a player makes his choices before driving to the betting window.

The window has been open on a five-day basis, but Taoneasa said it will eventually become a seven-day operation. "Right now it's only for football betting, but it will go to baseball and basketball by next season," he said. "Once you get established and people see how easy it is..."

He said the only real complaint so far is that the window doesn't offer a cashier to pay off winners. Players must still go inside the casino to collect. "I think down the road we're going to need a cashier," he said.



Dave Stieb warming up before Tuesday night's second inning when a young woman dashed onto the field to air-mail a kiss to the starstruck Toronto pitcher. Police escorted her from the park and Stieb went back to work, retiring Kansas City one-two-three.

Warmup Exercise
Dave Stieb was beating up before Tuesday night's second inning when a young woman dashed onto the field to air-mail a kiss to the starstruck Toronto pitcher. Police escorted her from the park and Stieb went back to work, retiring Kansas City one-two-three.

SCOREBOARD

Football

National Football League Leaders

AMERICAN CONFERENCE			
TOTAL OFFENSE			
Yards	Runs	Pas.	Pts.
Miami	2854	324	180
San Diego	2082	322	170
Dallas	1894	406	128
Cleveland	1834	376	94
Cincinnati	1720	370	109
Pittsburgh	1677	320	109
Seattle	1677	320	109
Los Angeles	1636	327	109
Indianapolis	1592	326	91
Buffalo	1544	404	115
Kansas City	1524	448	109
New England	1524	448	109
Houston	1231	497	75
TOTAL DEFENSE			
Pittsburgh	1351	289	95
Los Angeles	1440	367	93
Cleveland	1230	430	105
New England	1623	544	109
Atlanta	1633	644	99
Dallas	1779	619	91
Houston	1779	619	91
Kansas City	1779	619	91
Seattle	1779	619	91
Indianapolis	1779	619	91
Buffalo	1779	619	91
Kansas City	1779	619	91
San Diego	1779	619	91

U.S. College Team and Individual Leaders

TEAM DEFENSE			
Total			
Yards	Runs	Pas.	Pts.
Nebraska	194	293	143
Auburn	235	365	212
SMU	235	365	212
Indiana	235	365	212
Kansas	235	365	212
Iowa	235	365	212
Florida	235	365	212
Brigham Young	235	365	212
Stanford	235	365	212
Texas A&M	235	365	212
Alabama	235	365	212
Miami (Fla.)	235	365	212

CFL Leaders

TEAM DEFENSE			
Total			
Yards	Runs	Pas.	Pts.
San Diego	123	109	14
Los Angeles	123	109	14
San Francisco	123	109	14
Seattle	123	109	14
San Diego	123	109	14
Los Angeles	123	109	14
San Francisco	123	109	14
Seattle	123	109	14

Baseball

Playoff Box Score

AMERICAN LEAGUE: GAME 1

KANSAS CITY TORONTO

	AB	R	H	RBI	BB	SO
Stieb	4	0	0	0	0	0
Upshaw	4	0	0	0	0	0
Barfield	4	0	0	0	0	0
Brett	4	0	0	0	0	0
Smith	4	0	0	0	0	0
Wilson	4	0	0	0	0	0
Shutt	4	0	0	0	0	0
Belton	4	0	0	0	0	0
Johnson	4	0	0	0	0	0
White	4	0	0	0	0	0
Balboni	4	0	0	0	0	0
Helminen	4	0	0	0	0	0
Carkner	4	0	0	0	0	0
Beck	4	0	0	0	0	0
Maloney	4	0	0	0	0	0
Summers	4	0	0	0	0	0
Wolman	4	0	0	0	0	0
Muller	4	0	0	0	0	0
Goetz	4	0	0	0	0	0
Loftis	4	0	0	0	0	0
Johnson	4	0	0	0	0	0
Goetz	4	0	0	0	0	0
Loftis	4	0	0	0	0	0
Johnson	4	0	0	0	0	0
Goetz	4	0	0	0	0	0
Loftis	4	0	0	0	0	0
Johnson	4	0	0	0	0	0
Goetz	4	0	0	0	0	0
Loftis	4	0	0	0	0	0
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Goetz	4	0	0	0	0	0
Loftis	4	0	0	0	0	0
Johnson	4	0	0	0	0	0
Goetz	4	0	0	0	0	0
Loftis	4	0	0	0	0	0
Johnson	4	0	0	0	0	0
Goetz	4	0	0	0	0	0
Loftis	4	0	0	0	0	0
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Loftis	4	0	0	0	0	0
Johnson	4	0	0	0	0	0
Goetz	4	0	0	0	0	0
Loftis	4	0	0	0	0	0
Johnson	4	0	0	0	0	0
Goetz	4	0	0	0	0	0
Loftis	4	0	0	0	0	0
Johnson	4	0	0	0	0	0
Goetz	4	0	0	0	0	0
Loftis	4	0	0	0	0	0</

ART BUCHWALD

Drugs, Hits and Errors

WASHINGTON—Who's on first? No, who is in court testifying in the baseball trial.

Well, if who is in court, then what is on first?

No, what is also a government witness. Who told the prosecutors what gave him amphetamines during the World Series. In order to save his skin, what offered to name the people who sold them to him.

Who did what name?

I don't know.

Don't tell me you don't know who else is involved in the scandal.

I don't know is testifying for the government after they threatened to give him 30 years.

Who could be on second?

I told you, who is not playing baseball anymore. He's spending all his time rapping on his pals.



But if who isn't playing baseball, and neither is What, and I Don't Know is in court, then that means no one is covering first.

Someone is on first, but he hasn't been indicted yet.

Do I dare ask who is on third?

I don't know.

What is I Don't Know doing on third?

I don't know is not on third. All I said was I don't know who is on third. The reason I don't know is they're still searching everyone's locker.

It sounds like a big scandal.

It is because once they start rounding up the usual suspects there is no end to it. Everyone is copying a plea with the assistant attorney general. As long as you're willing to blow the whistle on 10 pals you can play baseball.

Who is representing the defense?

No, who is a witness for the prosecution. The government wants Who to tell the jury where he got the dope.

What does?

That's right. What bought dope from a third party.

I don't know.

You mean I Don't Know was a dealer?

According to What he was. Who led them to I Don't Know. What I Don't Know takes the stand there will be a lot more players involved.

We haven't talked about home plate yet.

That's where they unloaded the stuff at night.

Where?

Under the plate.

Who knows about it?

Of course Who knows about it. And so does What. Every player helped himself to some when he came to bat.

Did the manager have any idea how much was being used?

No, the only one who knew was the caterer for the team.

Who was that?

It wasn't Who.

Possibly.

How far will the witnesses go to save their own necks?

I don't know.

That's more than likely.

Menotti to Move Festival Finale for '86 Spoleto U.S.A.

CHARLESTON, South Carolina—The 10th anniversary of Spoleto Festival U.S.A. will not end with a bang next year, the organizers have tentatively decided.

The traditional outdoor finale and fireworks will give way to a gala at the Municipal Auditorium.

The outdoor jazz concert also would be moved indoors in the program drawn up by the festival's founder and artistic director, Gian Carlo Menotti.

After meeting with the festival's executive committee, the composer said the finale need to be moved because of difficulties in getting large crowds down the two-lane highway to Middleton Place, the plantation where the final event has been held.

Events in the tentative 1986 line-up include the opera "The Saint of Bleeker Street" by Menotti and "Lord Byron's Love Letter" by Raffaele de Benfield, with libretto by Tennessee Williams.

Cooperstown Autumn: Condos, Baseball, Opera

By Jane Perlez
New York Times Service

COOPERSTOWN, N.Y.—The crystalline lake immortalized in the novels of James Fenimore Cooper shimmers in clear sunlight these days, a cheerful salute to autumn.

While out-of-towners flock through the Baseball Hall of Fame, the prospect of the first housing development in four decades on Otsego Lake has aroused the indignation of those locals who are sometimes blasé about the sports archive but never about their lake.

Thirty-two condominiums are about to appear on a 30-acre (12-hectare) bluff above the nine-mile-long (14.5-kilometer), fire-fringed lake, and they represent to many longtime residents an unwelcome 20th-century encroachment in a village proud of its 1787 birthdate.

"The smell of the french fry is fast approaching," said Robert Seaver in his column, "The Badger," in the weekly newspaper, The Freeman's Journal. He objects to the prospect of more traffic on the lake road and the threat of pollution to a lake known for its pure water.

But the condominium builder, Frank A. Briggioni Jr., from nearby Oneonta, says his development will raise property values in a village where spacious Victorian lakefront homes with paired porches can be had for less than one-bedroom apartments on Central Park West.

And, he argues, it is time that what he calls an exclusive preserve is opened up. "Why should a privileged few only have access to that lake?" he asked.

Much of the self-image of Cooperstown, a village in Otsego county about 50 miles west of Albany, springs from two families: the Coopers and the Clarks.

Several monuments, one a 25-foot (7.5-meter) column of Italian marble, celebrate James Fenimore Cooper, the author of the "Leatherstocking" tales. The writer's father, Judge William Cooper, returned from New Jersey in 1790 with his family and built a manor house on the lake.

Edward Clark, the founder of Singer Sewing Machine Co., came half a century later, choosing the village as a summer playground. He put up handsome houses and acquired large forested tracts on the lakeshore that remain, unscathed, in the family.

In 1909 he opened a sumptuous resort hotel, the Otsego, for well-to-do New Yorkers who preferred the central part of the state to the Adirondacks. The Otsego still stands, a grand dowager of a building, catering these days to conventioners, such



Statues of James Fenimore Cooper (left), Babe Ruth in Cooperstown.

as members of the New York State Garden Clubs, who were there last month.

Henry Cooper, a writer at The New Yorker magazine and a great-grand-son of the novelist, keeps a place in Cooperstown. But it is the legacy of the Clarks that dominates.

Some of the locals say, in jest, that Cooperstown is really a feudal village because the largest employer of the 2,300 year-round residents is the Clark Foundation, the repository of much of the Clark wealth.

The foundation, housed close to the baseball museum, supports many of the village enterprises, including the Baseball Hall of Fame, two other historical museums, the Otsego Hotel, the hospital and a golf course.

It was the Clark Foundation that sold the land that the bulldozers are clearing for the condominiums. Foundation officials, however, are no happier about the prospect of new housing on the lake than anyone else in the village.

"We thought the lakefront property was very porous and it was our feeling that it was pretty close to worthless," said Edward W. Slack, who heads the foundation. "If we'd known what was going to happen, there's no way we would have sold it."

Conversation in the Cooperstown Diner early one recent morning: Two women at the counter discussed the day's news before going off to work.

It was too bad, they lamented, that in a village of history, the governing body had turned down a proposal, the night before, to erect a monument in memory of the marines from New York State who had died in the terrorist bombing of the marine headquarters in Beirut in 1983. One of the dead had been from Cooperstown. The village seems to care more about attracting tourists than remembering its own, the women agreed.

"For all the fuss about baseball here, the Little League doesn't even have a field of its own," one woman said, referring to something that has long been a sore spot for residents.

More than 200,000 fans linger over the artifacts in the Baseball Hall of Fame each year, often touching the bronze likenesses of those of their heroes who have been admitted to the pantheon.

Since Pete Rose's record-breaking hit, the crowds have seemed especially reverent. The other day, a young boy asked his father about Ty Cobb, whose career record

PEOPLE

N.Y.'s 'Strawberry Fields'

Is Dedicated to Lennon

A plot in Central Park in New York was dedicated Wednesday as a memorial to the former Beatle John Lennon, whose widow, Yoko Ono, lifting a line from the Beatles song "Hey Jude," called the garden "our way of taking a sad song and making it better."

The 2.5-acre (1.4-hectare) triangle of land was planted with trees, shrubs and plants donated by countries worldwide in memory of Lennon, who was murdered in New York in December 1980. He would have been 45 Wednesday.

Peggy Lee, 65, is in satisfactory condition in a New Orleans hospital after a four-hour double-bypass heart operation. The singer should spend a week to 10 days in the hospital before going back to California, and should be back to normal in two to three months, said Dr. Tom Oelsner. Lee was in New Orleans for an engagement at the Fairmont Hotel's Blue Room.

Two North American researchers, a group of Hungarian environmentalists and an Indian human rights activist will share the 1985 Right Livelihood Award. The winner, selected from 80 nominations from around the world, was announced by Jakob von Uexküll, a Swedish-German writer who sold a collection of stamps to institute the prize in 1980 as an alternative to the Nobel Prizes. The award, 750,000 Swedish kronor (about \$94,000), to be shared equally by the winners, will be presented at a ceremony in Stockholm Dec. 9, on the eve of the Nobel presentations.

A self-educated Canadian, Pat Mooney, and Cary Fowler, a doctoral student in sociology from Pittsburgh, North Carolina, were honored for drawing attention to the danger of replicating a wide variety of locally adapted plants with a few high-yielding but disease-prone varieties. The Hungarian group Duna Kör, or Danube Circle, was cited for opposing the construction of a hydroelectric plant. The Indian group Lokajana is an organization of writers and intellectuals founded by the author Ramesh Kishore to strengthen and link together community and regional groups working for human rights causes.

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